

I hereby certify that the following agenda was posted at least 72 hours prior to the time of the meeting so noticed below at 24251 Los Alisos Boulevard, Lake Forest, California.



DENNIS P. CAFFERTY, Secretary
of the El Toro Water District and
the Board of Directors thereof



AGENDA
EL TORO WATER DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS
FINANCE AND INSURANCE COMMITTEE MEETING AND
ENGINEERING COMMITTEE MEETING

February 21, 2023

1:00 p.m.

Members of the public who wish to comment on any item within the jurisdiction of the District or on any item on the agenda, may attend the meeting in person at the District's office or may observe and address the Meeting by joining at this link:
<https://us02web.zoom.us/j/81118127104> (Meeting ID: 811 1812 7104).

Members of the public who wish only to listen to the telephonic meeting may dial in at the following numbers (669) 900-6833 or (346) 248-7799 with the same Meeting ID noted above. Please be advised the Meeting is being recorded.

CALL TO ORDER – President Havens

PLEDGE OF ALLEGIANCE – Director Freshley

ORAL COMMUNICATIONS/PUBLIC COMMENTS

Members of the public may address the Board at this time or they may reserve this opportunity with regard to an item on the agenda until said item is discussed by the Board. Comments on other items will be heard at the times set aside for "COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS" or for "COMMENTS REGARDING NON-AGENDA FIC ITEMS." The public may identify themselves when called on and limit their comments to three minutes.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize item(s) which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present, or, if less than two-thirds of the Board members are present, a unanimous vote of those members present.)

FINANCE AND INSURANCE COMMITTEE MEETING

CALL MEETING TO ORDER – Director Gaskins

1. Consent Calendar (Reference Material Included)

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

- a. Consider approving the minutes of the January 23, 2023 Finance and Insurance Committee meeting (Minutes included)

Recommended Action: The Board will be requested to approve the above Consent Calendar.

2. Quarterly Review of the District's 401(k) Retirement Savings Plan (Reference Material Included)

A HighMark representative will review and comment on the investment performance of the District's 401(k) Retirement Savings Plan.

FINANCIAL INFORMATION ITEMS

3. Update on the Implementation of the Springbrook Software System (Reference Material Included)

Staff will provide an update on the status of the implementation of the Springbrook Software System.

4. 2023-24 Fiscal Year Budget Status Update

Staff will provide an update on the preparation of the 2023-24 Fiscal Year Budget.

FINANCIAL ACTION ITEMS

5. **Comprehensive Financial Statement – Audit - Fiscal Year Ended June 30, 2022** (Reference Material Included)

Staff and the District's Independent Auditor, Clifton Larson Allen, will review and comment on the District's Comprehensive Financial Statements for the Fiscal Year ended June 30, 2022.

Recommended Action: Staff recommends that the Board of Directors receive and file the District's Comprehensive Financial Statements for the Fiscal Year ended June 30, 2022.

6. **Financial Package - Authorization to Approve Bills for Consideration dated February 21, 2023 and Receive and File Financial Statements as of January 31, 2023** (Reference Material Included)

The Board will consider approving Bills for Consideration dated, February 21, 2023 and Receive and File Financial Statements as of January 31, 2023.

Recommended Action: Staff recommends that the Board 1) approve, ratify and confirm payment of those bills as set forth in the schedule of bills for consideration dated February 21, 2023, and 2) receive and file the Financial Statements for the period ending January 31, 2023.

COMMENTS REGARDING NON-AGENDA FIC ITEMS

CLOSE FINANCE AND INSURANCE COMMITTEE MEETING

ENGINEERING COMMITTEE

CALL MEETING TO ORDER – Director Freshley

7. **Consent Calendar**

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

- a. Consider approving the minutes of the January 23, 2023 Engineering Committee meeting. (Minutes Included)

Recommended Action: The Board will be requested to approve the subject minutes.

ENGINEERING ACTION ITEMS

8. **Boom Truck Replacement** (Reference Material Included)

Staff will review and comment on the proposed replacement of the District's Boom Truck.

Recommended Action: Staff recommends that the Board of Directors authorize the General Manager to issue a purchase order contract with Alt Sales Corp. in the amount of \$360,633.00 for the purchase of a replacement Boom Truck. Staff further recommends that the Board authorize the General Manager to fund the purchase cost from the designated Capital Reserves in accordance with the District's adopted Capital Reserve Policy.

9. **Main Office HVAC Improvement Project Duct Replacement** (Reference Material Included)

Staff will review and comment on a proposal from Alicia Air to completely replace the existing ductwork in the Main Office building.

Recommended Action: Staff recommends that the Board of Directors authorize the General Manager to issue a contract to Alicia Air in the amount of \$75,000 for the replacement of the HVAC ductwork in the Main Office Building. Staff further recommends that the Board authorize the General Manager to fund the project costs from the District's Capital Reserves in accordance with the District's adopted Capital Reserve Policy.

GENERAL INFORMATION ITEMS

10. Arc Flash Requirements

Staff will provide an update regarding Arc Flash requirements relative to the District's electrical panels and facilities.

11. El Toro Water District Capital Project Status Report

(Reference Material Included)

Staff will review and comment on the El Toro Water District Capital Project Status Report.

12. Engineering Items Discussed at Various Conferences and Meetings

The Committee will discuss any pertinent Engineering items discussed at Conferences.

COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS

CLOSE ENGINEERING COMMITTEE MEETING

ATTORNEY REPORT

CLOSED SESSION

At this time the Board will go into Closed Session as follows:

1. Pursuant to Government Code Section 54956.9 (d) (2) to consult with legal counsel and staff – Potential Litigation (two matters).
2. Pursuant to Government Code Section 54956.9(a) to consult with legal counsel and staff. *Plaintiff, Marlene Jean v. Defendants, Dollar Tree Stores, et al./Cross-Complainant, Park Aliso Commercial Center, Ltd, et al. v. Cross-Defendant, El Toro Water District, et al.*, Superior Court of Los Angeles Case No. 19STCV25234. [Government Code Section 54956.9(a)] – Pending Litigation (one matter).

REGULAR SESSION

REPORT ON CLOSED SESSION (Legal Counsel)

Mr. Granito will provide an oral report on the Closed Session.

ADJOURNMENT

The agenda material for this meeting is available to the public at the District's Administrative Office, which is located at 24251 Los Alisos Blvd., Lake Forest, Ca. 92630. If any additional material related to an open session agenda item is distributed to all or a majority of the board of directors after this agenda is posted, such material will be made available for immediate public inspection at the same location.

Request for Disability-Related Modifications or Accommodations

If you require any disability-related accommodation, including auxiliary aids or services, in order to participate in this public meeting, please telephone the District's Recording Secretary, Polly Welsch at (949) 837-7050, extension 225 at least forty-eight (48) hours prior to said meeting. If you prefer, your request may be submitted in writing to El Toro Water District, P.O. Box 4000, Laguna Hills, California 92654, Attention: Polly Welsch.

MINUTES OF THE REGULAR MEETING
OF THE
FINANCE & INSURANCE COMMITTEE

January 23, 2023

At approximately 7:30 a.m. President Havens called the regular meeting to order.

Director Monin led in the Pledge of Allegiance to the flag.

Committee Members KAY HAVENS, KATHRYN FRESHLEY, MIKE GASKINS, JOSE VERGARA, and MARK MONIN participated.

Also participating were DENNIS P. CAFFERTY, General Manager, JASON HAYDEN, CFO , JUDY CIMORELL, Human Resources Manager, SCOTT HOPKINS, Operations Superintendent, GILBERT J. GRANITO, General Counsel, MIKE MIAZGA, IT Manager, SHERRI SEITZ, Public Relations Manager (zoom), CAROL MOORE, Laguna Woods Mayor (zoom), and POLLY WELSCH, Recording Secretary.

Oral Communications/Public Comments

There were no comments.

Items Received Too Late to be Agendized

President Havens asked if there were any items received too late to be agendized. Mr. Cafferty replied that we will not be adding anything to the agenda, but we will need to modify item #8 of the Engineering agenda, the Main Office HVAC Improvement Project Change Order. He further stated that the staff paper reflects the changes since last week, but the agenda language does not.

Mr. Cafferty stated that staff is working with the Contractor on the cost of installing smoke detectors that are required by City Building Code to be installed within the HVAC ducting. He further stated that the cost did not include the wiring connection of the detectors to the existing fire panel.

Mr. Cafferty stated that the existing thermostats must be replaced because they are not compatible with the new HVAC system. He further stated that the installation of material associated with connecting the duct detectors to the existing fire panel is included in a change order in a not to exceed amount of \$49,934. This amount is within the General Manager's authority to approve, however the accumulated total of existing Change Orders now exceeds the General Manager's authority so the current change order is being brought back to the Board for approval.

President Havens asked for a Motion.

Motion: Vice President Vergara made a Motion, seconded by Director Freshley and unanimously carried across the Board to 1) determine that the need to modify the agenda language for this item arose after the agenda was posted, and 2) to modify the action in item #8 to authorize the General Manager up to \$50,000 as a Change Order to the existing contract or award to an alternative contractor as staff determines most prospective.

Roll Call Vote:

Director Monin	aye
Director Gaskins	aye
Director Freshley	aye
Vice President Vergara	aye
President Havens	aye

Finance & Insurance Committee Meeting

At approximately 7:35 a.m. Director Monin called the Finance & Insurance Committee meeting to order.

Consent Calendar

Director Monin asked for a Motion.

Motion: Director Freshley made a motion, seconded by Director Gaskins and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

Director Monin	aye
Director Gaskins	aye
Director Freshley	aye
Vice President Vergara	aye
President Havens	aye

Financial Information Items

Update on the Implementation of the Springbrook Software System

Mr. Hayden provided an update on the implementation of the Springbrook Software System. He further stated that Customer Service staff is working with a Springbrook consultant to complete the implementation of the utility billing process.

Government Finance Officers Association (GFOA) Certificate of Achievement

Mr. Hayden stated that the District received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA. He further stated that this is the fifth year in a row that the District has received this award.

Quarterly Insurance Report

Ms. Cimorell provided an update on the District's Quarterly Insurance report. She further stated that although we had some workers compensation claims this quarter, there was no loss time.

Monin asked for a Motion.

Motion: Director Gaskins made a Motion, seconded by Vice President Vergara and unanimously carried across the Board to receive and file the Quarterly Insurance Report for the period October 1, 2022 through December 31, 2022.

Roll Call Vote:

Director Monin	aye
Director Gaskins	aye
Director Freshley	aye
Vice President Vergara	aye
President Havens	aye

Financial Package - Authorization to Approve Bills for Consideration Dated January 23

2023 and Receive and File Financial Statements as of December 31, 2022

Mr. Hayden stated that our purchased water expenses have been less due to the drawdown of R-6, but once the Reservoir is refilled, it will show a much larger expense.

Director Freshley asked if we bought any water from Baker in December. Mr. Cafferty replied that we purchase water from Baker each month.

Director Monin asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Gaskins and unanimously carried across the Board to approve, ratify, and confirm payment of the bills set forth in the schedule of bills for consideration dated January 23, 2023, and receive and file the financial statements for the period ending December 31, 2022.

Roll Call Vote:

Director Monin	aye
Director Gaskins	aye
Director Freshley	aye
Vice President Vergara	aye
President Havens	aye

Comments Regarding Non-Agenda FIC Items

There were no comments.

Close Finance and Insurance Committee Meeting

There being no further business the Finance Committee meeting was closed at approximately 8:00 a.m.

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

KAY HAVENS, President
of the El Toro Water District and the
Board of Directors thereof

DENNIS P. CAFFERTY, Secretary
of the El Toro Water District and the
Board of Directors thereof

El Toro Water District 401(k) Plan
Fourth Quarter 2022

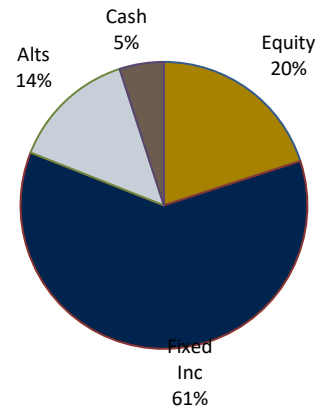


Keith Stribling, CFA
Vice President and Senior Portfolio Manager
HighMark Capital Management
(949) 553-2591
keith.stribling@unionbank.com

INVESTMENT POOLS - ASSET ALLOCATION

El Toro Water District - 401(k) Plan

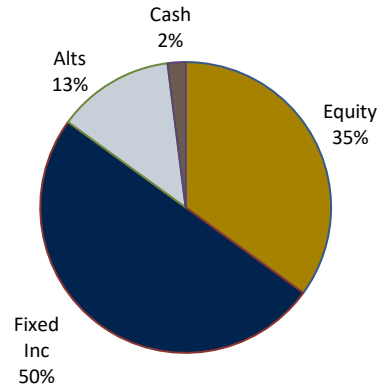
Capital Preservation



65+ years old

Equity: 10% - 30%
Fixed Income: 40% - 80%
Alternatives: 10% - 20%
Cash: 0% - 20%

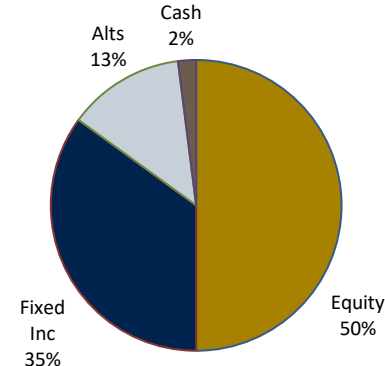
Income



60-64 years old

Equity: 25% - 45%
Fixed Income: 30% - 70%
Alternatives: 10% - 20%
Cash: 0% - 20%

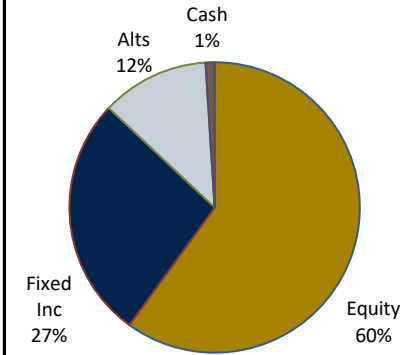
Income & Growth



55-59 years old

Equity: 40%-60%
Fixed Income: 20% - 60%
Alternatives: 10% - 20%
Cash: 0% - 20%

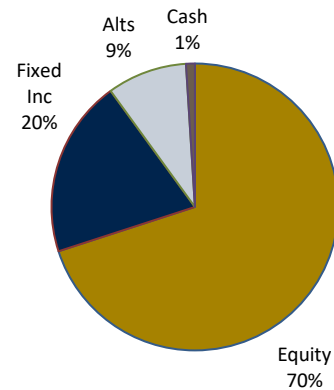
Balanced Income



50-54 years old

Equity: 50% - 70%
Fixed Income: 15% - 35%
Alternatives: 10% - 20%
Cash: 0% - 20%

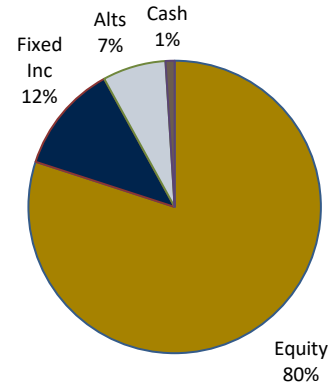
Balanced



45-49 years old

Equity: 60% - 80%
Fixed Income: 10% - 30%
Alternatives: 5% - 15%
Cash: 0% - 20%

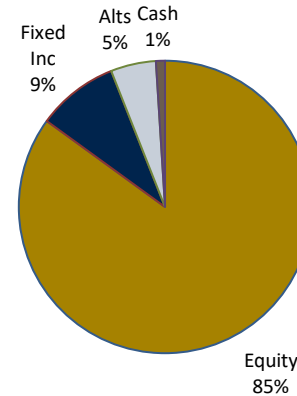
Capital Appreciation



40-44 years old

Equity: 70% - 90%
Fixed Income: 5% - 20%
Alternatives: 5% - 15%
Cash: 0% - 20%

Growth



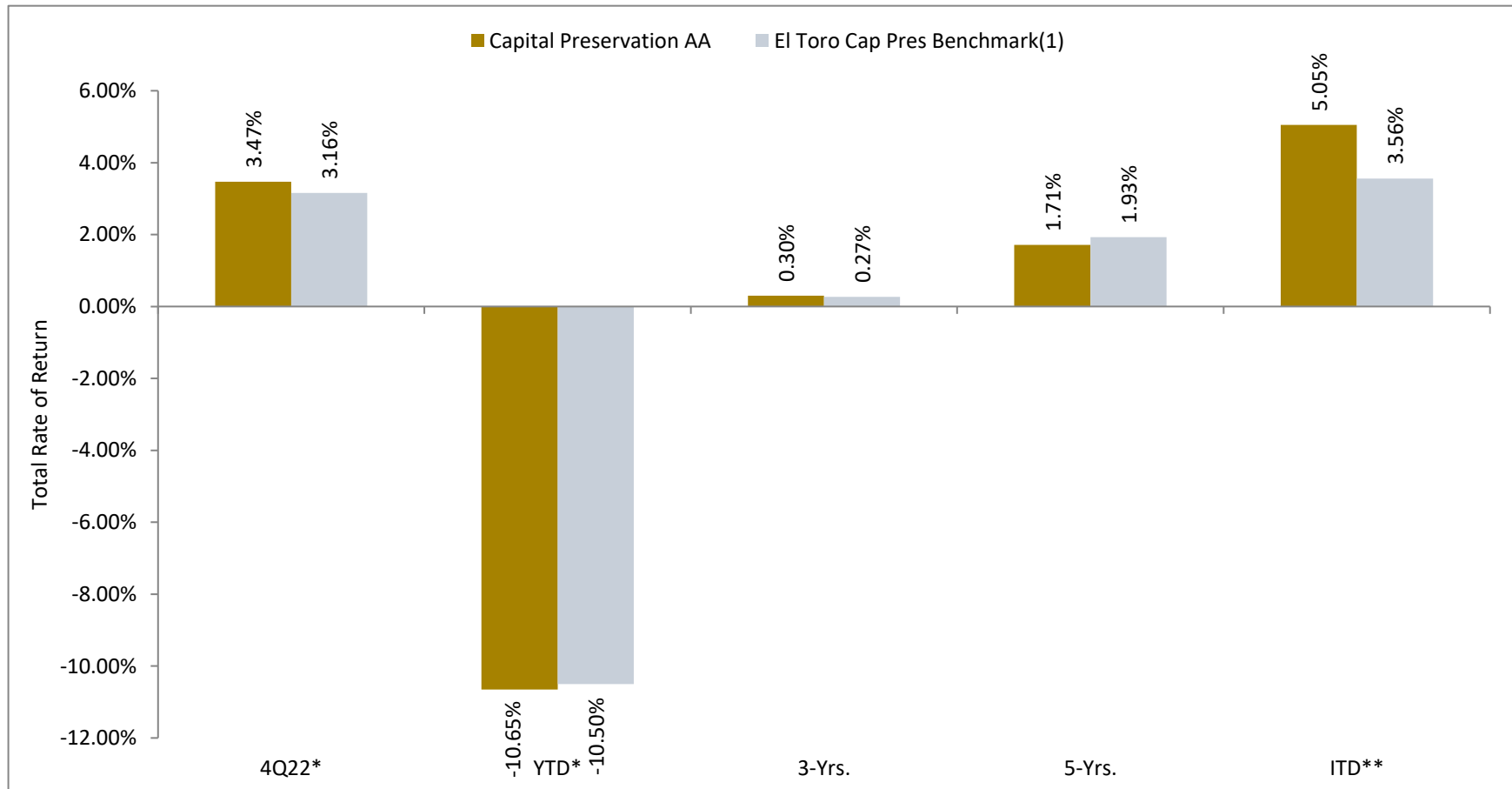
< 40 years old

Equity: 75% - 95%
Fixed Income: 5% - 15%
Alternatives: 2% - 10%
Cash: 0% - 20%

INVESTMENT RETURNS - CAPITAL PRESERVATION PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of December 31, 2022



*Returns for periods under one year are not annualized

**Inception date: January 2006

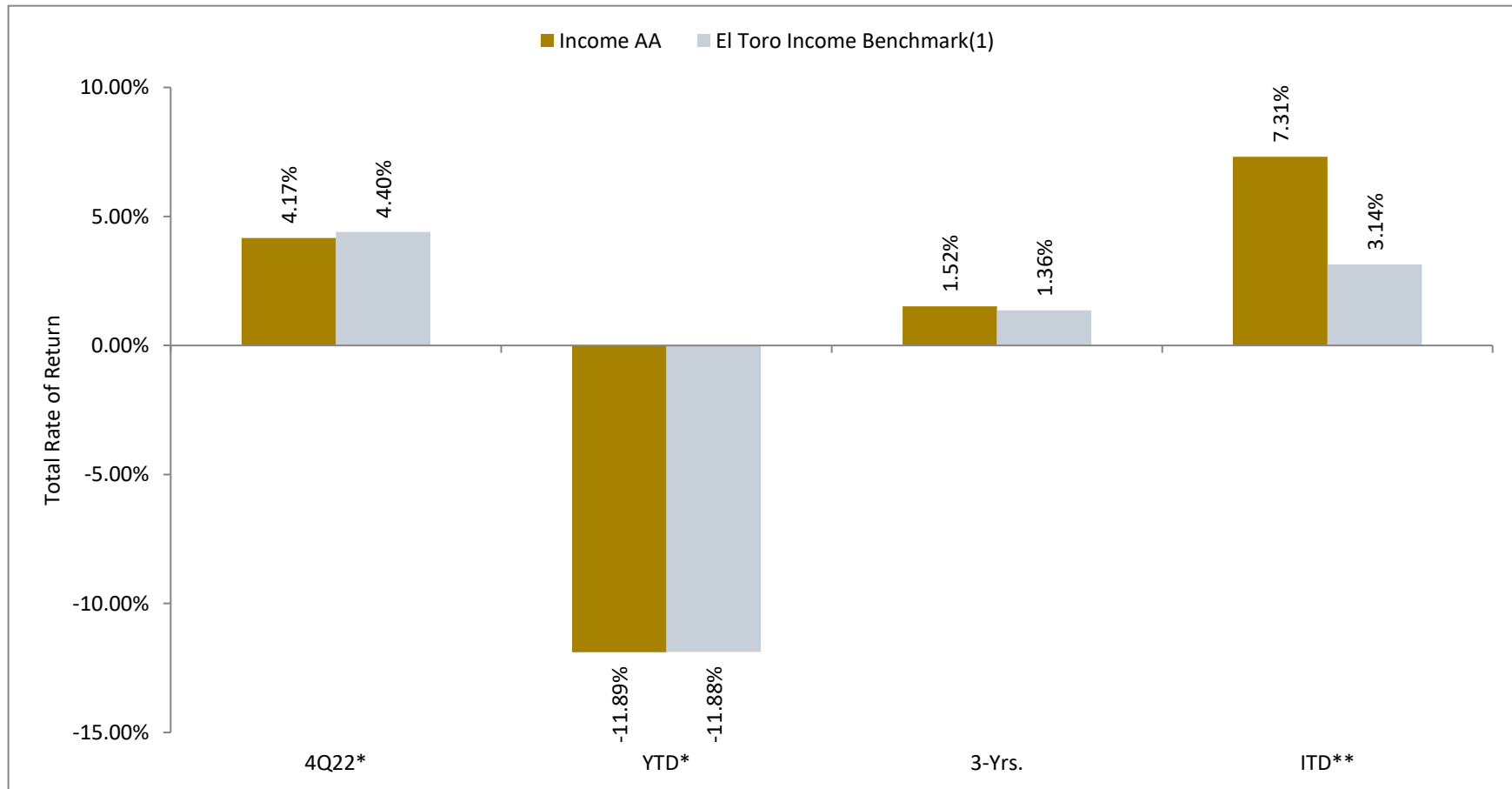
(1) El Toro Cap Pres Benchmark: 12% S&P 500, 2% Russell MidCap, 2% Russell 2000, 3% MSCI EAFE, 1% MSCI Emerging Markets, 44% Barclays US Aggregate Bond, 17% Barclays 1-3 Year Government/Credit Bond, 14% Wilshire Liquid Alternatives, 5% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - INCOME PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of December 31, 2022



*Returns for periods under one year are not annualized

**Inception date: August 2018

(1) El Toro Income Benchmark: 21% S&P 500, 3% Russell MidCap, 3% Russell 2000, 6% MSCI EAFE, 2% MSCI Emerging Market, 36% Barclays US Aggregate Bond, 14% Barclays 1-3 Year Government/Credit Bond, 13% Wilshire Liquid Alternatives, 2% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - INCOME & GROWTH PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of December 31, 2022



*Returns for periods under one year are not annualized

**Inception date: January 2006

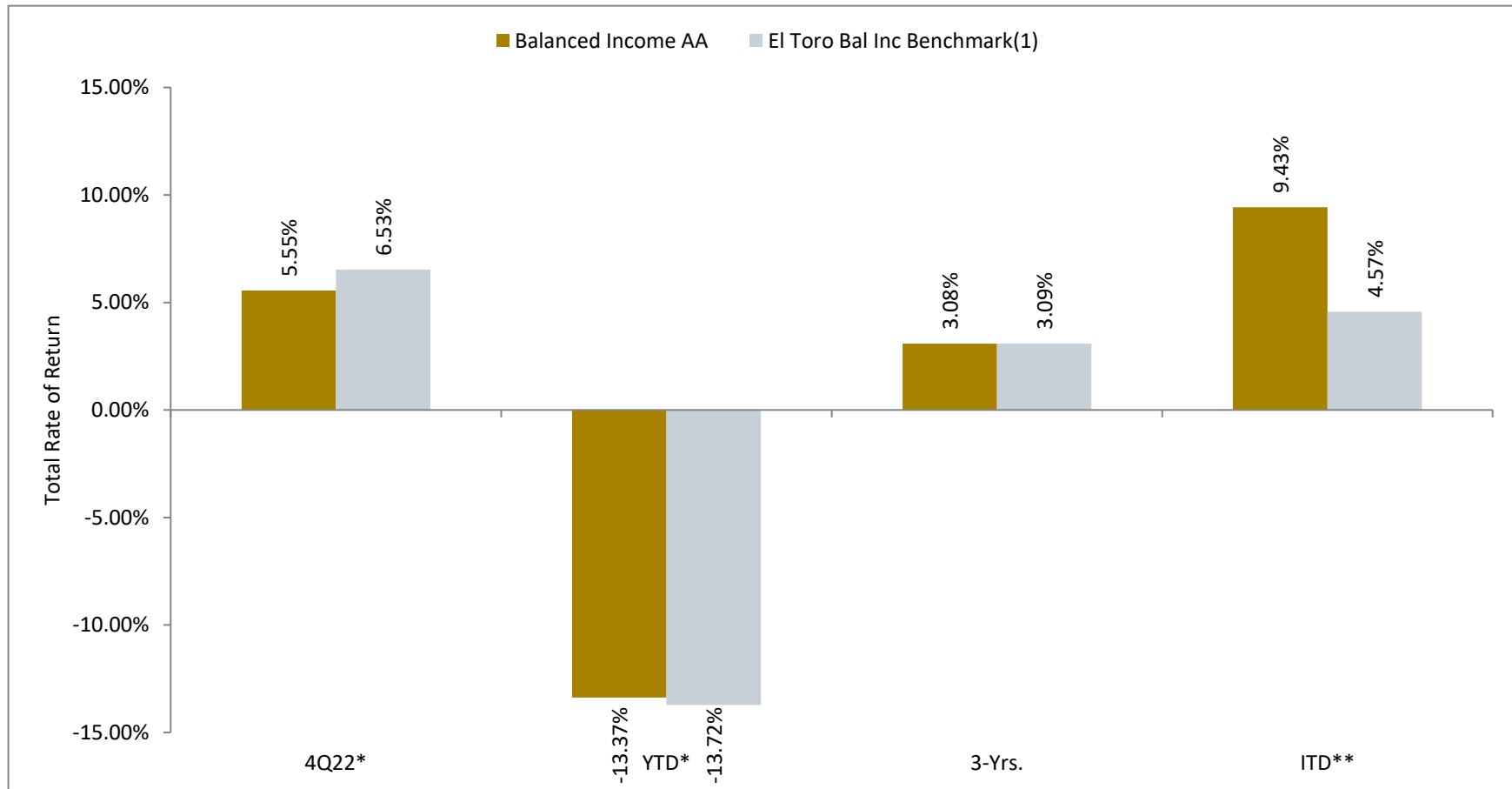
(1) El Toro Inc & Gro Benchmark: 30% S&P 500, 4% Russell MidCap, 4% Russell 2000, 9% MSCI EAFE, 3% MSCI Emerging Market, 25% Barclays US Aggregate Bond, 10% Barclays 1-3 Year Government/Credit Bond, 13% Wilshire Liquid Alternatives, 2% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - BALANCED INCOME PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of December 31, 2022



*Returns for periods under one year are not annualized

**Inception date: August 2018

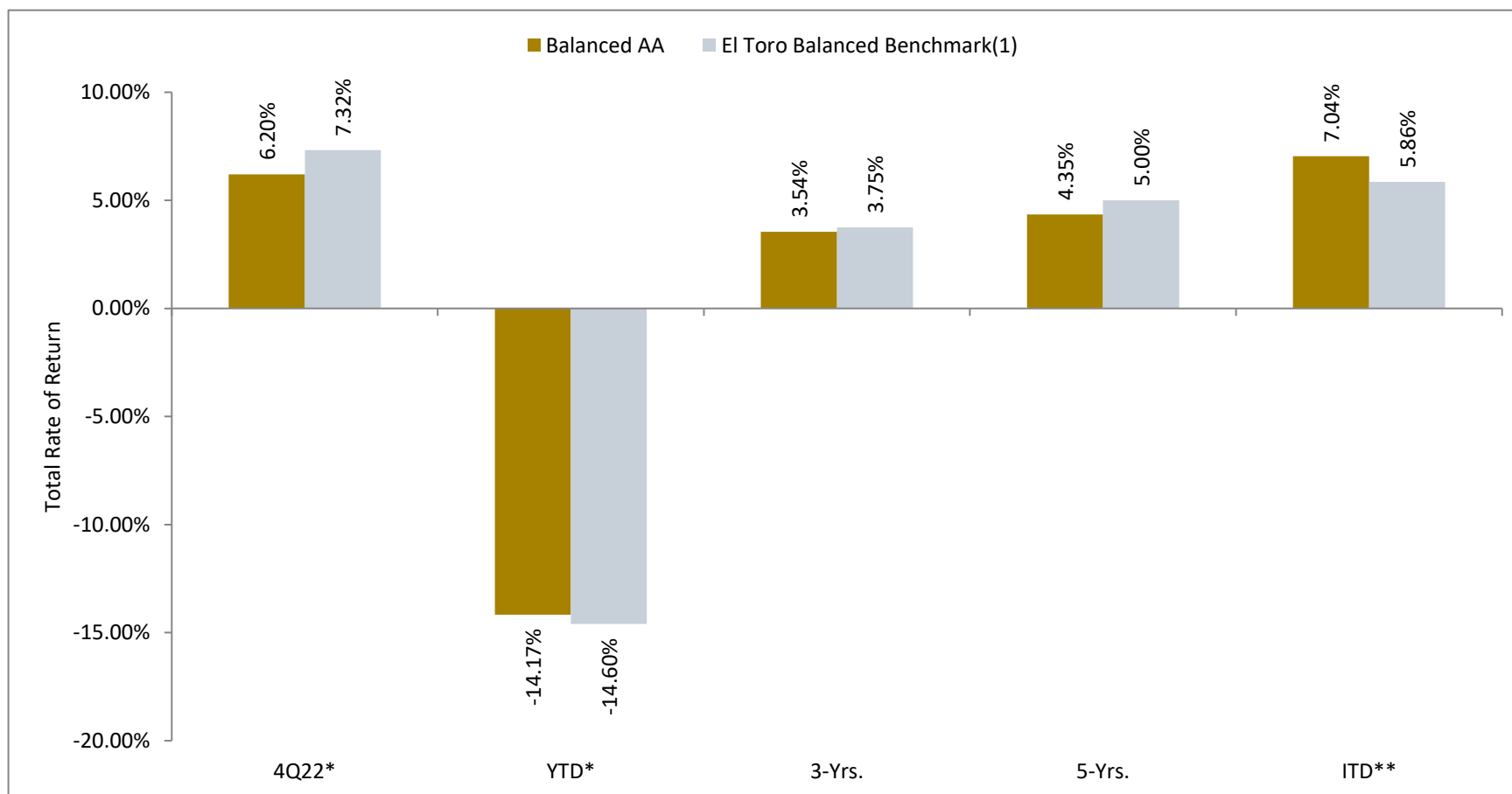
(1) El Toro Bal Inc Benchmark: 36% S&P 500, 4% Russell MidCap, 4% Russell 2000, 12% MSCI EAFE, 4% MSCI Emerging Market, 19% Barclays US Aggregate Bond, 8% Barclays 1-3 Year Government/Credit Bond, 12% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - BALANCED PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of December 31, 2022



*Returns for periods under one year are not annualized

**Inception date: January 2006

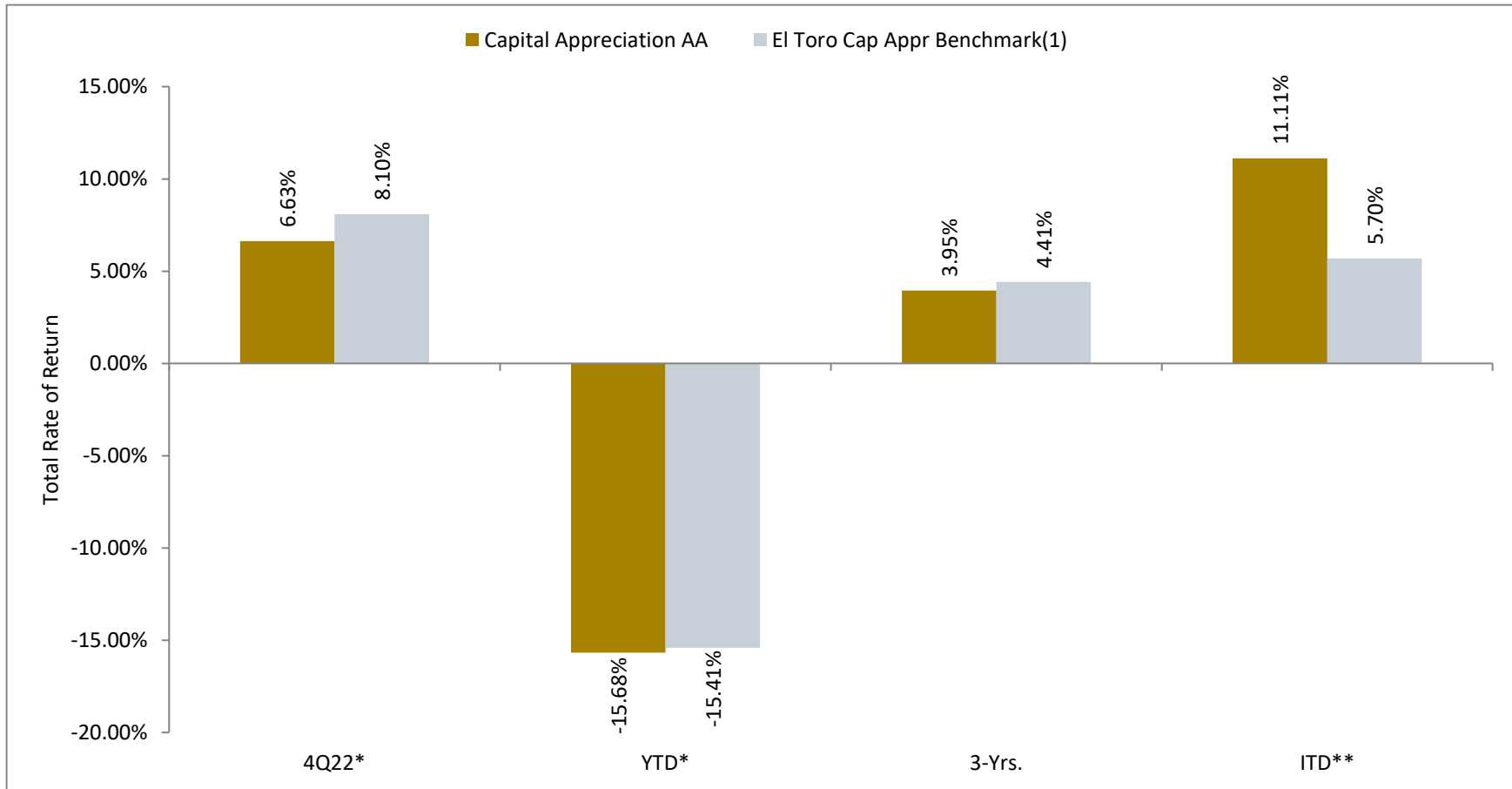
(1) El Toro Balanced Benchmark: 42% S&P 500, 5% Russell MidCap, 5% Russell 2000, 14% MSCI EAFE, 4% MSCI Emerging Market, 14% Barclays US Aggregate Bond, 6% Barclays 1-3 Year Government/Credit Bond, 9% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - CAPITAL APPRECIATION PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of December 31, 2022



*Returns for periods under one year are not annualized

**Inception date: August 2018

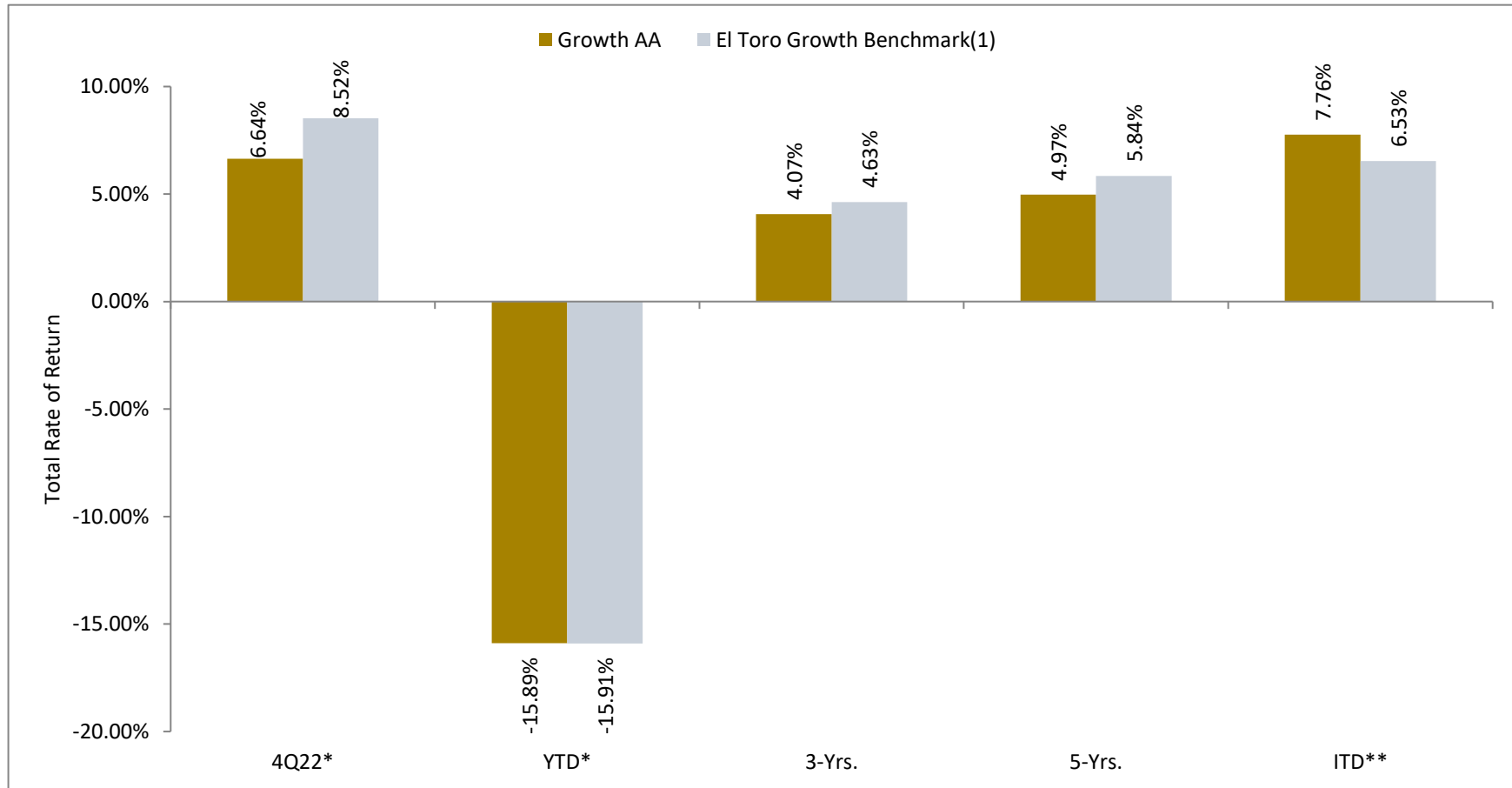
(1) El Toro Cap Appr Benchmark: 48% S&P 500, 6% Russell MidCap, 6% Russell 2000, 16% MSCI EAFE, 4% MSCI Emerging Market, 8% Barclays US Aggregate Bond, 4% Barclays 1-3 year Government/Credit, 7% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - GROWTH PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of December 31, 2022



*Returns for periods under one year are not annualized

**Inception date: January 2006

(1) El Toro Growth Benchmark: 51% S&P 500, 6% Russell MidCap, 6% Russell 2000, 17% MSCI EAFE, 5% MSCI Emerging Market, 6% Barclays US Aggregate Bond, 3% Barclays 1-3 year Government/Credit, 5% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS & RANKINGS - FIXED INCOME FUNDS

El Toro Water District - 401(k) Plan

		Annualized Total Rate of Return (%) as of 12/31/2022															
Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos**		YTD**		1-Year		3-Years		5-Years		10-Years		3 Yr Shrp%	3 Yr SD
				Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg		
Ultra Short-Term Bond																	
VUSFX	Vanguard Ultra-Short-Term Bond Admiral	0.10	4	0.93	51	-0.38	60	-0.38	60	0.63	46	1.47	26	--	--	1.22	0.94
Peer Group	US Fund Short-Term Bond			0.13		n.a.		n.a.		n.a.		n.a.		n.a.		0.69	2.52
Index	Bloomberg US Govt/Credit 1-3 Yr TR USD			0.89		-3.69		-3.69		-0.32		0.92		0.88		1.78	0.96
Short-Term Bond																	
VFSUX	Vanguard Short-Term Investment-Grade Adm	0.10	4	1.72	16	-5.75	72	-5.75	72	-0.38	46	1.10	34	1.45	19	0.95	2.74
Peer Group	US Fund Short-Term Bond			0.13		n.a.		n.a.		n.a.		n.a.		n.a.		0.69	2.52
Index	Bloomberg US Govt/Credit 1-3 Yr TR USD			0.89		-3.69		-3.69		-0.32		0.92		0.88		1.78	0.96
Intermediate-Term Bond																	
DBLFX	DoubleLine Core Fixed Income I	0.47	3	1.17	84	-12.76	28	-12.76	28	-2.80	68	-0.17	69	1.39	38	0.56	4.81
DODIX	Dodge & Cox Income	0.41	5	2.76	8	-10.86	10	-10.86	10	-1.12	9	1.13	7	2.09	8	1.08	3.86
PTTRX	PIMCO Total Return Instl	0.46	3	1.77	53	-14.09	65	-14.09	65	-2.48	50	0.03	57	1.11	65	0.97	3.63
PTRQX	PGIM Total Return Bond R6	0.39	3	2.31	22	-14.86	84	-14.86	84	-3.10	78	0.09	52	1.80	15	0.61	6.02
Peer Group	US Fund Intermediate Core Bond			-0.01		n.a.		n.a.		n.a.		n.a.		n.a.		1.05	3.68
Index	Bloomberg US Agg Bond TR USD			1.87		-13.01		-13.01		-2.71		0.02		1.06		1.61	0.72
Multi-Sector Bond																	
PIMIX	PIMCO Income Instl	0.50	5	3.41	29	-7.81	23	-7.81	23	0.03	25	1.69	20	4.00	1	0.60	5.78
Peer Group	US Fund Multisector Bond			-0.18		n.a.		n.a.		n.a.		n.a.		n.a.		0.44	6.84
Index	Bloomberg US Agg Bond TR USD			1.87		-13.01		-13.01		-2.71		0.02		1.06		1.61	0.72

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios. Mstar Rnkg - Fund's ranking within Morningstar's category ("Peer Group"). Funds are ranked in descending order by return. For example, a Fund with a 20 ranking indicates that it is ranked in the top 20th percentile.

INVESTMENT RETURNS & RANKINGS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

		Annualized Total Rate of Return (%) as of 12/31/2022															
Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos**		YTD**		1-Year		3-Years		5-Years		10-Years		3 Yr Shrp%	3 Yr SD
				Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg		
Large Blend																	
COFYX	Columbia Contrarian Core Inst3	0.60	4	6.41	85	-18.45	57	-18.45	57	7.51	38	8.56	54	12.26	26	0.88	19.08
VGIAX	Vanguard Growth & Income Adm	0.22	5	7.21	69	-17.11	42	-17.11	42	8.11	22	9.36	26	12.60	10	0.83	18.76
Peer Group	US Fund Large Blend			-0.15		n.a.		n.a.		n.a.		n.a.		n.a.		0.75	18.21
Index	Russell 1000 TR USD			7.24		-19.13		-19.13		7.35		9.13		12.37		0.44	19.50
Index	S&P 500 TR USD			7.56		-18.11		-18.11		7.66		9.42		12.56		0.50	23.17
Large Value																	
DODGX	Dodge & Cox Stock	0.51	4	12.99	49	-7.22	63	-7.22	63	9.41	13	8.72	17	12.44	4	0.60	23.40
PKAIX	PIMCO RAE US Instl	0.40	3	14.39	20	-3.38	30	-3.38	30	8.67	21	8.30	25	--	--	0.57	20.89
IVE	iShares S&P 500 Value ETF	0.18	3	13.55	36	-5.41	46	-5.41	46	6.09	66	7.41	46	10.67	39	0.59	19.60
Peer Group	US Fund Large Value			-1.03		n.a.		n.a.		n.a.		n.a.		n.a.		0.52	19.75
Index	Russell 1000 Value TR USD			12.42		-7.54		-7.54		5.96		6.67		10.29		1.09	19.41
Large Growth																	
HNACX	Harbor Capital Appreciation Retirement	0.57	2	-1.46	89	-37.67	83	-37.67	83	3.69	68	8.05	60	12.84	29	1.02	21.93
LSITX	ClearBridge Large Cap Growth IS	0.61	3	4.53	42	-32.75	69	-32.75	69	2.52	77	7.35	69	12.66	32	0.97	18.98
Peer Group	US Fund Large Growth			0.00		n.a.		n.a.		n.a.		n.a.		n.a.		0.99	19.00
Index	Russell 1000 Growth TR USD			2.20		-29.14		-29.14		7.79		10.96		14.10		0.58	18.17
Mid Core																	
VO	Vanguard Mid-Cap ETF	0.04	4	9.03	67	-18.68	85	-18.68	85	6.18	56	7.33	29	11.10	16	0.68	21.54
Peer Group	US Fund Mid-Cap Blend			2.68		n.a.		n.a.		n.a.		n.a.		n.a.		0.56	22.07
Index	Russell Mid Cap TR USD			9.18		-17.32		-17.32		5.88		7.10		10.96		0.49	26.96

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios. Mstar Rnkg - Fund's ranking within Morningstar's category ("Peer Group"). Funds are ranked in descending order by return. For example, a Fund with a 20 ranking indicates that it is ranked in the top 20th percentile.

Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

		Annualized Total Rate of Return (%) as of 12/31/2022															
Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos**		YTD**		1-Year		3-Years		5-Years		10-Years		3 Yr Shrp%	3 Yr SD
				Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg		
Small Value																	
UBVFX	Undiscovered Managers Behavioral Val R6	0.80	4	13.77	15	-1.10	7	-1.10	7	11.29	14	7.59	10	11.57	3	0.45	31.71
Peer Group	US Fund Small Value			-2.03		n.a.		n.a.		n.a.		n.a.		n.a.		0.44	27.64
Index	Russell 2000 Value TR USD			8.42		-14.48		-14.48		4.70		4.13		8.48		0.70	25.53
Small Blend																	
DCZRX	Delaware Small Cap Core R6	0.69	4	7.29	83	-15.80	41	-15.80	41	6.26	33	6.03	25	10.87	4	0.59	24.50
VB	Vanguard Small-Cap ETF	0.05	4	8.03	71	-17.56	63	-17.56	63	4.94	60	5.95	26	10.11	23	0.64	24.67
Peer Group	US Fund Small Blend			-2.21		n.a.		n.a.		n.a.		n.a.		n.a.		0.50	25.15
Index	Russell 2000 TR USD			6.23		-20.44		-20.44		3.10		4.13		9.01		0.55	19.97
Small Growth																	
RSEJX	Victory RS Small Cap Growth R6	1.04	1	0.56	87	-36.86	87	-36.86	87	-7.96	100	-0.29	100	8.33	87	0.69	25.85
VBK	Vanguard Small-Cap Growth ETF	0.07	3	3.02	68	-28.40	56	-28.40	56	0.80	80	5.10	71	9.27	73	0.80	24.11
Peer Group	US Fund Small Growth			-2.42		n.a.		n.a.		n.a.		n.a.		n.a.		0.80	24.61
Index	Russell 2000 Growth TR USD			4.13		-26.36		-26.36		0.65		3.51		9.20		0.86	18.99

*Morningstar overall rating

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Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

		Annualized Total Rate of Return (%) as of 12/31/2022															
Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos**		YTD**		1-Year		3-Years		5-Years		10-Years		3 Yr Shrp%	3 Yr SD
				Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg		
Foreign Large Blend																	
DFALX	DFA Large Cap International I	0.18	4	17.21	34	-13.03	17	-13.03	17	1.99	18	2.14	20	4.79	25	0.34	18.56
HEFA	iShares Currency Hedged MSCI EAFE ETF	0.35	5	9.55	97	-4.73	1	-4.73	1	5.11	4	5.62	1	--	--	0.53	15.95
Peer Group	US Fund Foreign Large Blend			n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		0.33	17.57
Peer Group	US Fund Europe Stock			n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		0.36	19.16
Index	MSCI EAFE NR USD			17.34		-14.45		-14.45		0.87		1.54		4.67		0.34	17.74
Foreign Large Value																	
DODFX	Dodge & Cox International Stock	0.62	4	16.01	80	-6.78	29	-6.78	29	1.85	34	1.25	29	4.81	11	0.22	23.35
Peer Group	US Fund Foreign Large Value			n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		0.19	19.55
Index	MSCI EAFE Value NR USD			19.64		-5.58		-5.58		0.65		0.17		3.51		0.12	20.77
Foreign Large Growth																	
MGRDX	MFS International Growth R6	0.70	5	14.24	48	-15.02	4	-15.02	4	2.57	16	4.62	14	6.38	23	0.66	15.68
Peer Group	US Fund Foreign Large Growth			n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		0.60	16.68
Index	MSCI EAFE Growth NR USD			15.05		-22.95		-22.95		0.47		2.49		5.59		0.58	15.80
Index	MSCI ACWI Ex USA Growth NR USD			12.89		-23.05		-23.05		-0.40		1.49		4.68		0.37	17.65
Diversified Emerging Markets																	
HHHFX	Hartford Schrodgers Emerging Mkts Eq F	1.05	3	10.50	39	-22.14	61	-22.14	61	-2.87	52	-1.06	40	1.85	33	0.47	19.48
VWO	Vanguard FTSE Emerging Markets ETF	0.08	4	8.24	75	-17.72	31	-17.72	31	-1.42	37	-0.30	29	1.58	42	0.35	18.94

*Morningstar overall rating

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Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - ALTERNATIVE FUNDS

El Toro Water District - 401(k) Plan

		Annualized Total Rate of Return (%) as of 12/31/2022															
Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos**		YTD**		1-Year		3-Years		5-Years		10-Years		3 Yr Shrp%	3 Yr SD
				Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg	Tot ROR	Mstar Rnkg		
Market Neutral																	
BSIKX	BlackRock Strategic Income Opps K	0.53	4	1.65	51	-5.55	41	-5.55	41	0.80	38	1.90	27	2.49	16	0.67	5.08
BILPX	BlackRock Event Driven Equity Instl	1.26	5	1.68	50	0.01	41	0.01	41	2.72	32	4.17	29	7.02	8	1.09	4.74
Managed Futures																	
AHLIX	American Beacon AHL Mgd Futs Strat R5	1.54	4	-5.65	54	16.93	44	16.93	44	10.83	33	6.99	27	--	--	0.63	9.13
AMFNX	AlphaSimplex Mgd Futs Strat N	1.38	5	-7.96	87	35.93	12	35.93	12	17.02	4	8.81	2	7.65	4	0.45	10.82
Fund of Hedge Funds																	
BSTKX	BlackRock Total Factor K	0.51	2	0.69	78	-9.64	84	-9.64	84	-3.68	97	-1.19	91	1.48	78	-0.40	8.11
QSPIX	AQR Style Premia Alternative I	1.51	3	10.65	1	30.64	1	30.64	1	8.36	4	0.47	76	--	--	-1.00	10.46
REITs																	
ICF	iShares Cohen & Steers REIT ETF	0.32	4	3.13	74	-26.10	53	-26.10	53	0.22	39	4.26	28	6.55	28	0.59	16.57
Precious Metals																	
IAU	iShares Gold Trust	0.25	--	8.34	60	-0.67	63	-0.67	63	5.71	60	6.66	42	0.61	12	0.54	13.96

*Morningstar overall rating

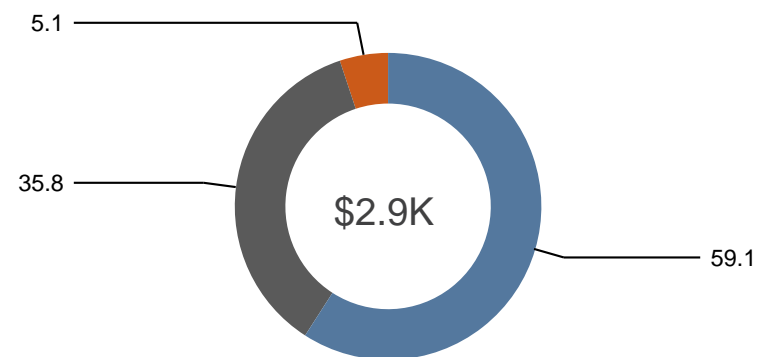
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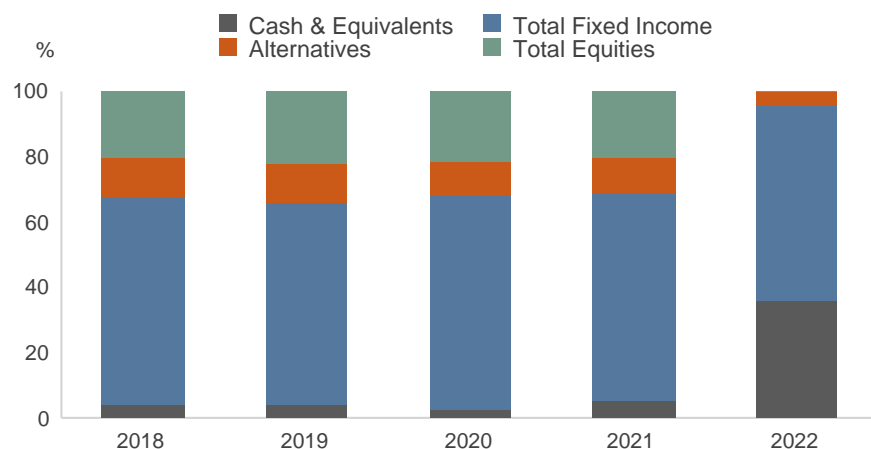
Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

Market Value by Asset Class

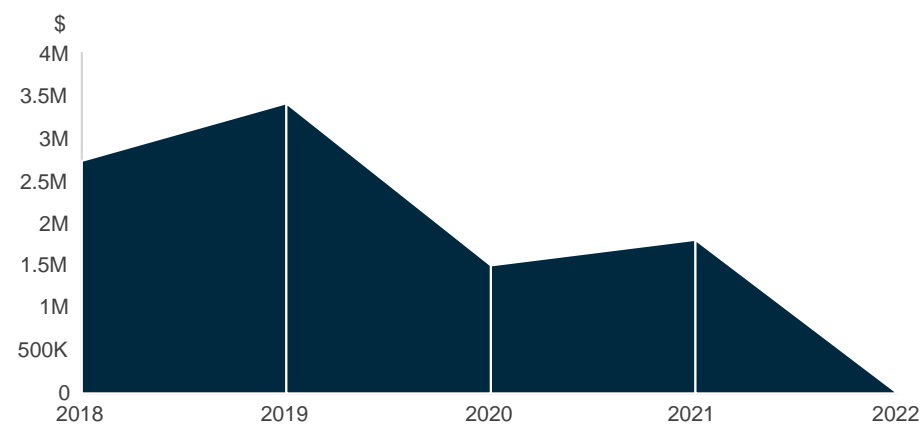
		Market Value	% of Mkt Val
● Total Fixed Income	\$	1,698	59.1%
● Cash & Equivalents	\$	1,031	35.8%
● Alternatives	\$	147	5.1%
Total	\$	2,875	100.0%



Annual Allocation

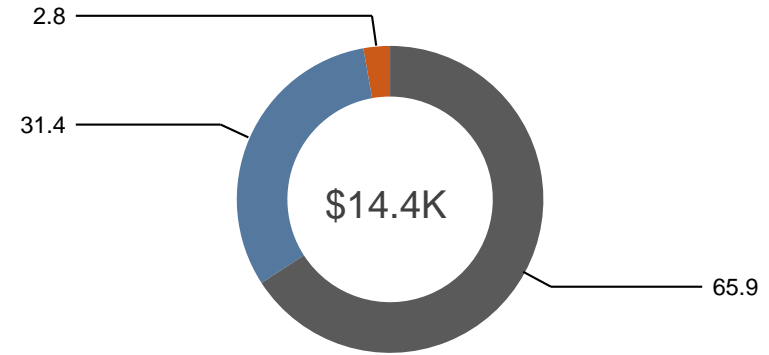


Annual Ending Market Values

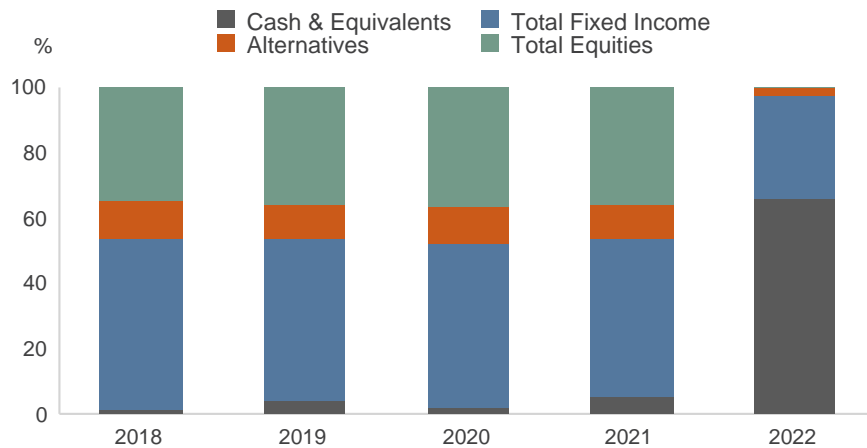


Market Value by Asset Class

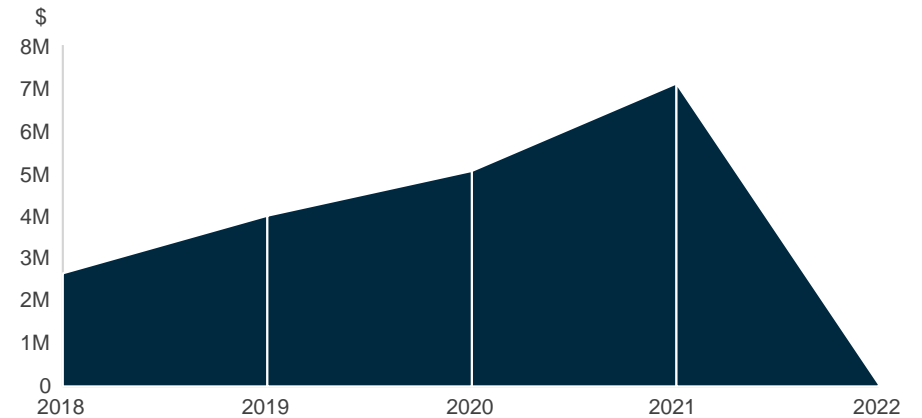
	Market Value	% of Mkt Val
● Cash & Equivalents	\$ 9,469	65.9%
● Total Fixed Income	\$ 4,509	31.4%
● Alternatives	\$ 396	2.8%
Total	\$ 14,374	100.0%



Annual Allocation

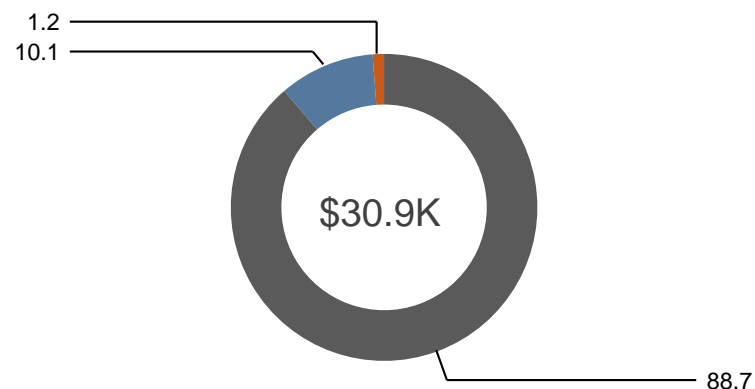


Annual Ending Market Values

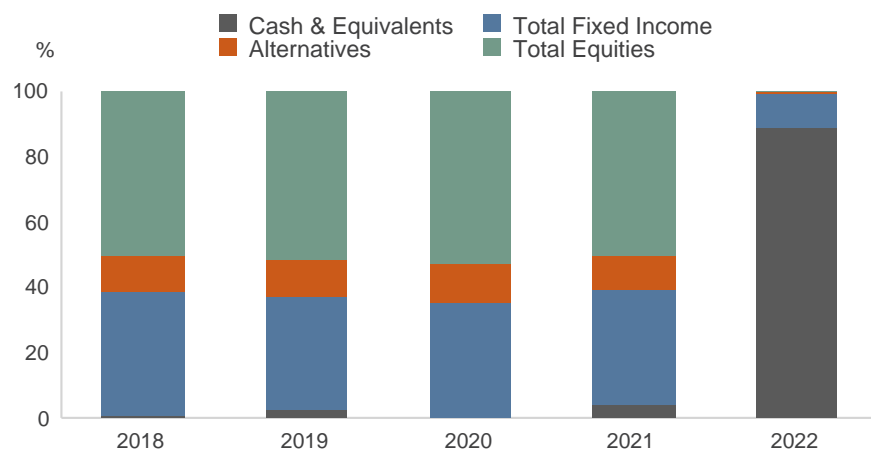


Market Value by Asset Class

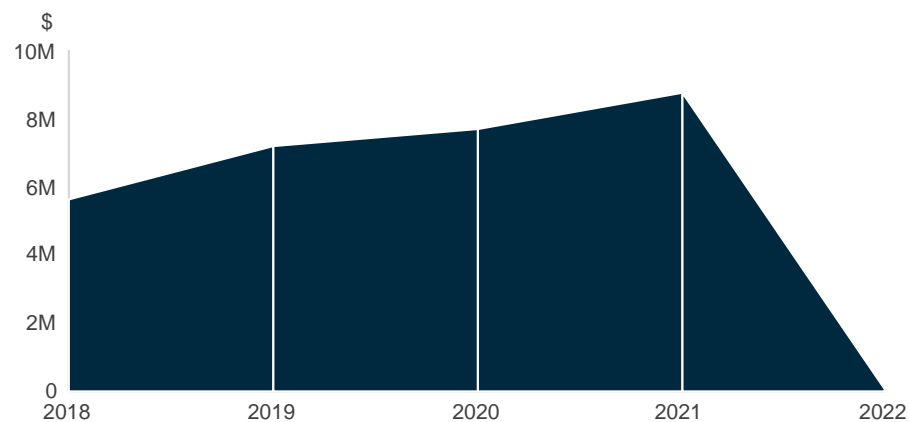
	Market Value	% of Mkt Val
● Cash & Equivalents	\$ 27,367	88.7%
● Total Fixed Income	\$ 3,109	10.1%
● Alternatives	\$ 382	1.2%
Total	\$ 30,858	100.0%



Annual Allocation

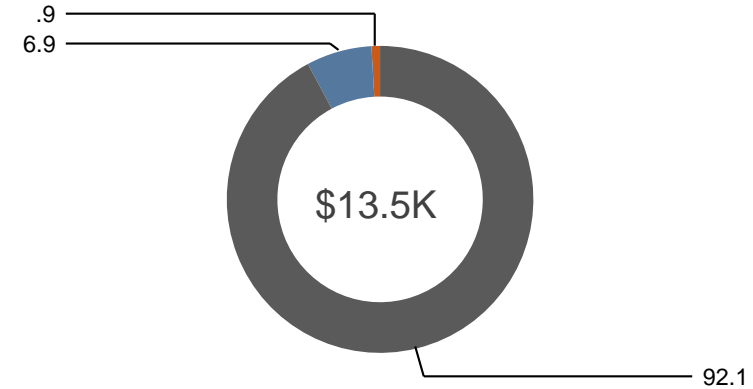


Annual Ending Market Values

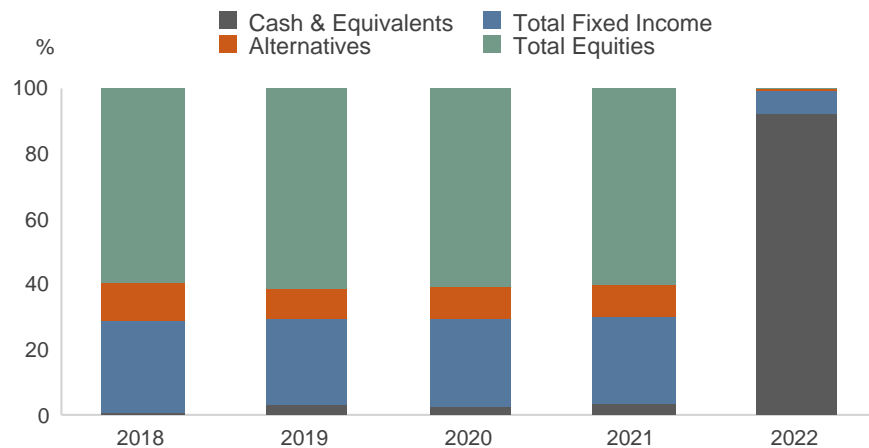


Market Value by Asset Class

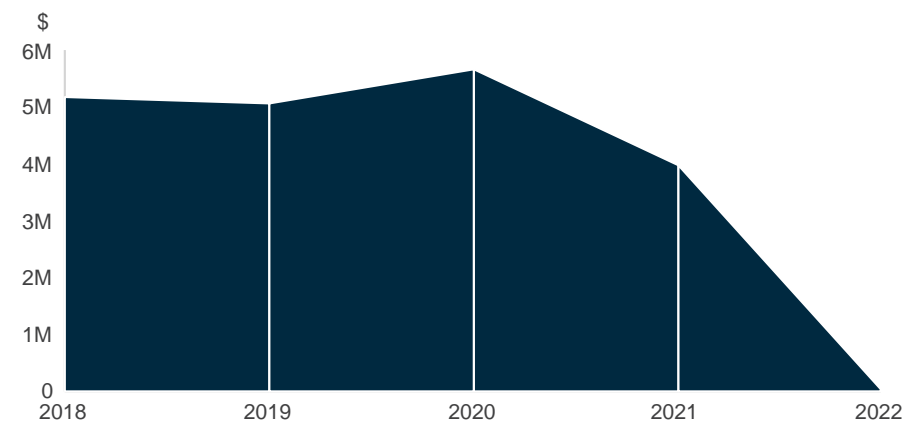
	Market Value	% of Mkt Val
● Cash & Equivalents	\$ 12,455	92.1%
● Total Fixed Income	\$ 939	6.9%
● Alternatives	\$ 123	.9%
Total	\$ 13,518	100.0%



Annual Allocation

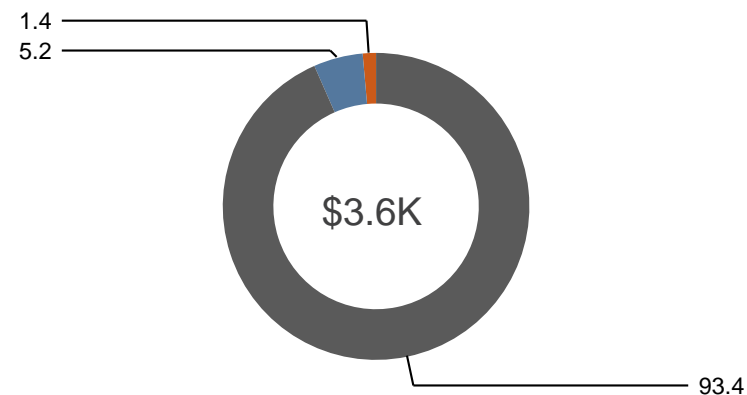


Annual Ending Market Values

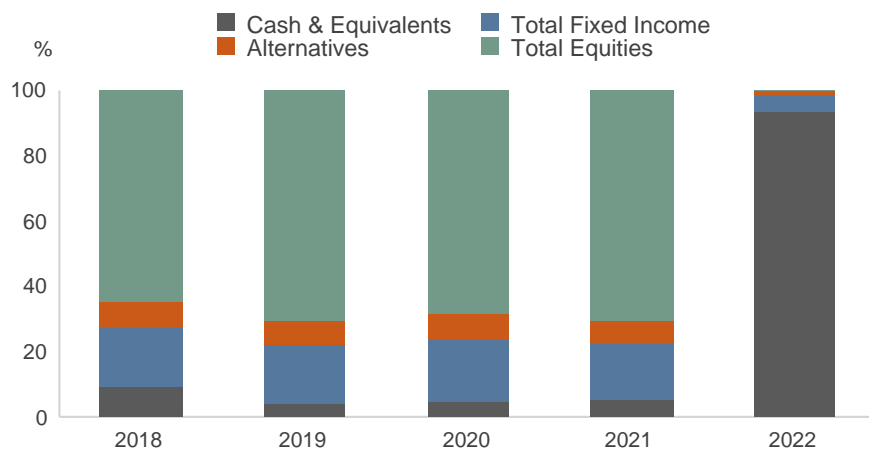


Market Value by Asset Class

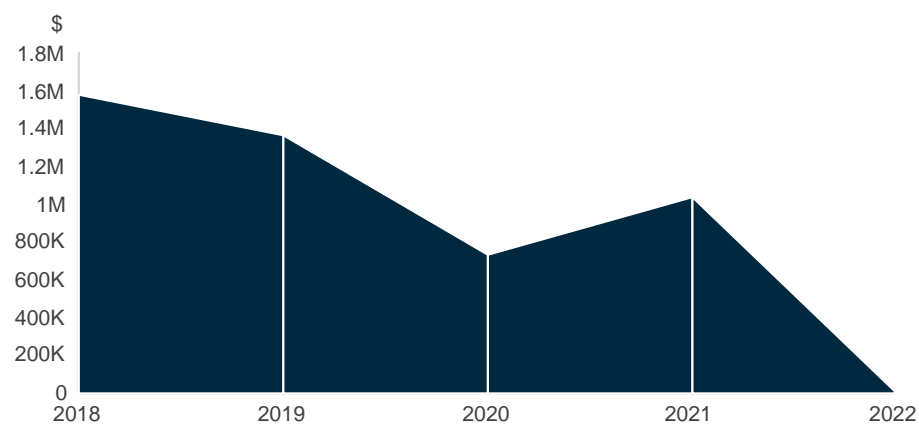
	Market Value	% of Mkt Val
● Cash & Equivalents	\$ 3,374	93.4%
● Total Fixed Income	\$ 188	5.2%
● Alternatives	\$ 49	1.4%
Total	\$ 3,611	100.0%



Annual Allocation

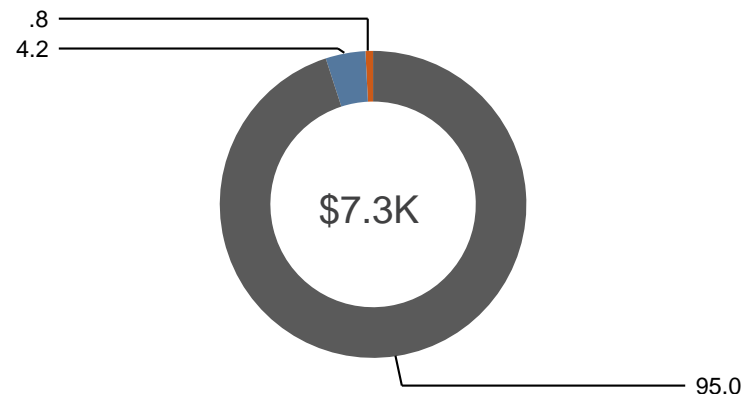


Annual Ending Market Values

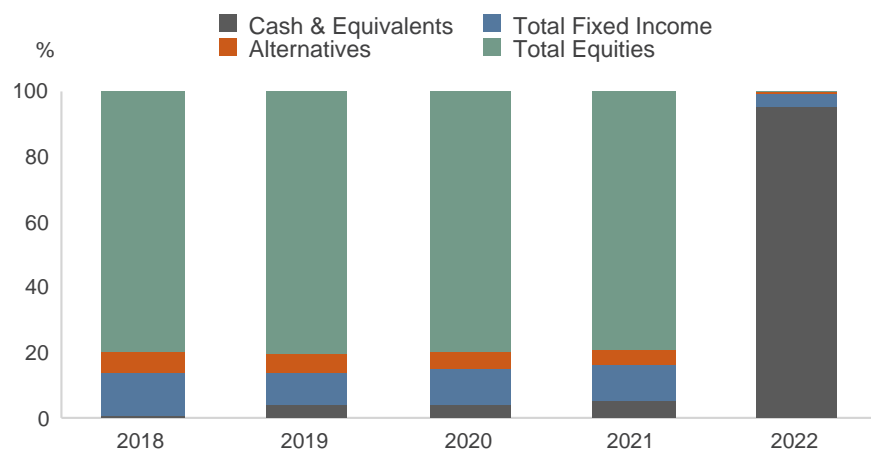


Market Value by Asset Class

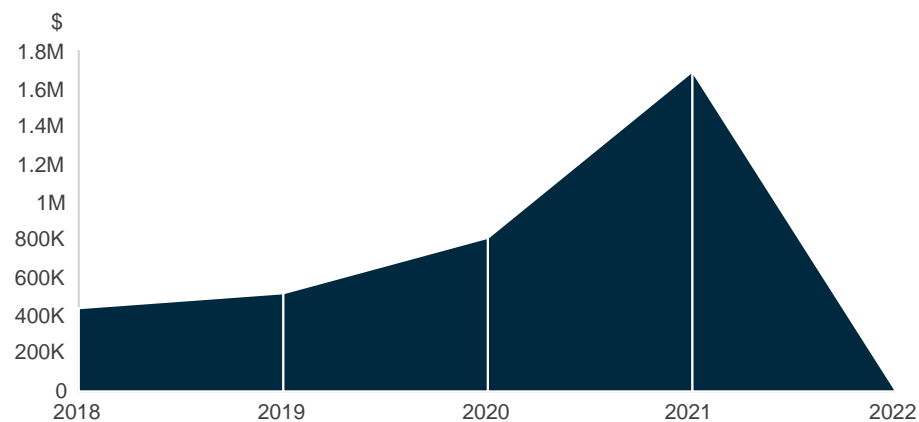
		Market Value	% of Mkt Val
● Cash & Equivalents	\$	6,962	95.0%
● Total Fixed Income	\$	306	4.2%
● Alternatives	\$	59	.8%
Total	\$	7,327	100.0%



Annual Allocation

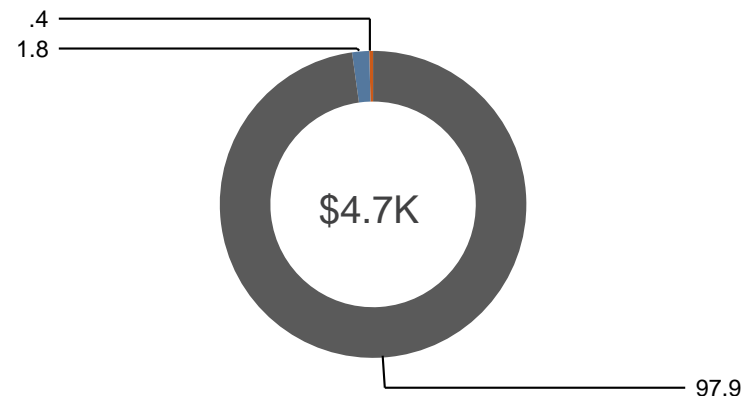


Annual Ending Market Values

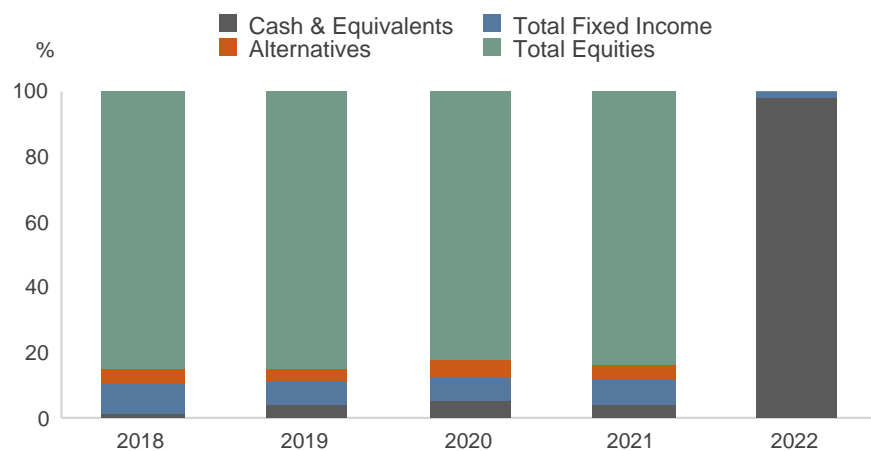


Market Value by Asset Class

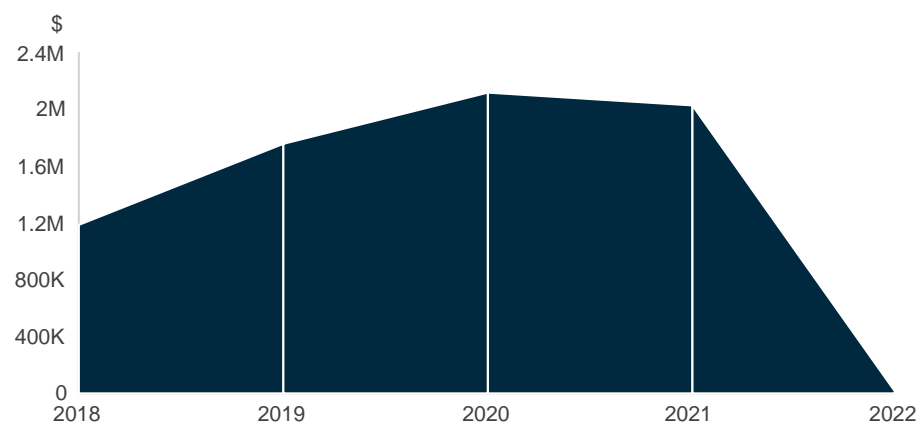
	Market Value	% of Mkt Val
● Cash & Equivalents	\$ 4,580	97.9%
● Total Fixed Income	\$ 83	1.8%
● Alternatives	\$ 18	.4%
Total	\$ 4,680	100.0%



Annual Allocation



Annual Ending Market Values





STAFF REPORT

To: BOARD OF DIRECTORS

Meeting Date: February 21, 2023

From: Jason Hayden, Chief Financial Officer

Subject: Springbrook Implementation – Progress Update

Presented below are the activities, challenges, and opportunities of the ongoing Springbrook implementation process:

- Payroll is fully implemented with the exception of the Time and Attendance system. Staff is proceeding with the Springbrook Time and Attendance system and will be converting employees into the Springbrook system throughout the first quarter of 2023. It takes time to get an employee set up in the system and then trained to use it. The District's Payroll Accountant will be working on this process in between other responsibilities.
- Currently, Finance is actively using the following modules: General Ledger, Bank Reconciliation, Project Management, Accounts Payable, Payroll, Cash Receipting, Accounts Receivable, Human Resources, and Employee Self Service.
- The modules that still need to be implemented include Utility Billing, online credit card processing, and Fixed Assets.
- During the week of October 3, 2022, Customer Service Staff worked with the Springbrook consultant to complete a parallel utility billing process. These meetings were extensive, lasting more than 6 hours per day from Tuesday to Friday that week, and involved replicating the current utility billing process in Springbrook. The parallel billing process was successful and accurately generated individual utility bills that equaled the utility bills in the District's current software. Some additional setups have been completed and Staff is working with Springbrook to establish an implementation schedule that will work for District Staff. This has been further delayed due to staffing challenges in the Customer Service Department and the alternate working arrangements which are ongoing due to the HVAC project in the Administration Building. District Staff has set up a conference call for the week of February 20th to set a final implementation schedule as Customer Service is one the verge of hiring a new Customer Service Representative.

Springbrook Finance/Payroll Systems Project Schedule as of 1/23/2023:

Week or Day	System	Description	Complete
1/13	Finance	Project Kick-off Conference Call	Yes
1/17 – 1/21	Finance	Business Process Questionnaire Review	Yes
1/31 – 2/4	Finance	Discovery Session Meetings	Yes
2/7 – 2/11	Finance	General Ledger/Chart of Accounts Consulting Session	Yes
3/4/22	Finance	Chart of Accounts/Accounts Payable Vendor List Due	Yes

3/4/22	Payroll	Payroll Business Process Questionnaire Due	Yes
3/7 – 3/11	Payroll	Payroll Questionnaire Review	Yes
3/14 – 3/18	Finance	General Ledger & Accounts Payable – Data Review and Load	Yes
3/14 – 3/18	Payroll	Discovery Session between ETWD and Springbrook	Yes
3/21 – 3/25	Finance	Setup & Configuration Session	Yes
5/6	Payroll	Payroll Data / Templates Due	Yes
6/28 – 7/7	Finance	Go Live Sessions	Yes
7/11 – 7/15	Payroll	Go Live Sessions	Yes
7/15 – 7/31	Both	Post Go Live Support	Ongoing

Springbrook Utility Billing Project Schedule as of 1/23/2023:

Week/Day	System	Description	Complete
5/2 – 5/6	Utility Billing	Utility billing discovery session begins	Yes
6/3	Utility Billing	Utility billing data transmitted to Springbrook	Yes
6/6 – 6/10	Utility Billing	Springbrook works on Data Mapping from CUSI	Yes
6/13/ - 6/17	Utility Billing	Initial data conversion and load	Yes
6/20 – 6/24	Utility Billing	Initial Data Review	Yes
8/1 – 8/5	Utility Billing	Setup and Configuration Sessions	Yes
8/16	Utility Billing	Continued Configuration Session	Yes
8/29 – 9/2	Utility Billing	Parallel Billing Session	Delayed
10/3 – 10/7	Utility Billing	Parallel Billing Session	Yes
10/24 – 10/28	Utility Billing	Additional Implementation and Setups	
March	Utility Billing	2 nd Parallel Billing Session	
April	Utility Billing	Final testing for Go Live	
March - April	Utility Billing	Go Live with Utility Billing	



STAFF REPORT

To: Board of Directors

Meeting Date: February 21, 2023

From: Dennis Cafferty, General Manager

Subject: 2023-24 Fiscal Year Budget Status Update

Staff has begun work on the preparation of the 2023-24 Fiscal Year Budget. Staff has provided requested data to Raftelis Financial Consultants who have begun to update the financial model on which the District's rates are based.

The schedule for the 2023-24 budget process is impacted by several factors:

- The financial analyst that Raftelis has assigned to the District's rate study each year for more than 10 years has taken a position at Metropolitan Water District and is therefore not available to work on this project. Raftelis retains consistency with its Executive Vice President, Sudhir Pardiwala, with whom the District has partnered on numerous projects, but will assign a new financial analyst to the project. Staff is confident in the success of the project but anticipates it will likely take a bit longer as the new analyst gets up to speed.
- Staff is ensuring adequate time is provided to accommodate the process of development, proofreading, printing and mailing the 218 Notice in an effort to ensure accuracy of the final Notice.
- ETWD staff continues to work under challenging conditions, displaced since Thanksgiving, due to the Main Office HVAC project.
- District staff continues to work to learn the still new Springbrook system.

Staff is working to develop the operations expense, revenue and capital budget data necessary for the development of revenue requirements and ensuing rates. Staff anticipates providing detailed budget data to Raftelis by early March.

Staff is working to verify the budget schedule is practical for the Raftelis milestones as well as the consultants who will help develop and distribute the 218 Notice. Staff's preliminary estimate is that the schedule will result in a rate increase implementation in September.

The preliminary budget critical path schedule will include the following milestones:

- Budget Committee Meeting #1 Mid April
- Budget Committee Meeting #2 Early May
- Board Budget Workshop Late May
- Distribution of 218 Notice Early July
- Public Rate Hearing August 24, 2023
- Rate Increase Implementation September 1, 2023

Staff is working with the consultants to verify the schedule and will work to find dates for the Budget Committee and Board Budget Workshop meetings that are acceptable to the Directors.



STAFF REPORT

To: BOARD OF DIRECTORS **Meeting Date: February 21, 2023**
From: Jason Hayden, Chief Financial Officer
Subject: Presentation of the Comprehensive Financial Statements for the Fiscal Year ended June 30, 2022

Attached to this memo please find the Comprehensive Financial Statements for the El Toro Water District for the Fiscal Year ended June 30, 2022. Also attached are two documents that communicate information from the District's audit firm, the Additional Communications Letter and the Letter on Government Audit Standards.

Finance Staff is pleased to report that the audit opinion is unqualified (*excerpted from Page 11 of the Comprehensive Financial Statements*):

“In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.”

In addition to the unqualified opinion in the Comprehensive Financial Statements, the Additional Communication Letter also communicates the auditor's opinion of working with the Finance Staff:

“Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit.”

A summary of the financial results of the District's operations for the fiscal year ended June 30, 2022 appears in the Management's Discussion and Analysis section beginning on Page 15 and ending on Page 21. Some of the significant changes during the current fiscal year include:

- The Net Position of the District declined \$2,190,185 (-3.6%), from \$60,853,624 as of June 30, 2021 to \$58,663,439 as of June 30, 2022 (*this information is extracted from Page 17 of the document from the chart entitled "Condensed Statement of Net Position"*).
- The decline in Net Position was primarily caused by Depreciation expense (\$4,287,779) and an increase in OPEB liability (\$1,595,561). These are both non-cash accounting charges that reflect long-term financial obligations and do not impact the current assets of the District.
- Current assets of the District increased \$775,049 (3.49%). Capital Assets, Net of Related Debt and Accumulated Depreciation, declined \$1,465,051, primarily due to depreciation expense, offset to some extent by net additions to capital assets of \$3,120,979. Restricted Assets increased significantly primarily because the proceeds from the issuance of the 2022 Bonds are classified as restricted and have not yet been expended.
- Long-Term Liabilities increased primarily due to the increase in OPEB Liability offset to some extent by small decrease in compensated absence liability. Another significant increase occurred in Loans Payable as the issuance of the 2022 Bonds increased the total debt of the District (*see Statement of Net Position on Page 27*).
- Operating Revenues increased \$673,167 (2.5%), from \$26,709,979 in FY 2021 to \$27,383,146 in FY 2022 (*Please see the chart "Total Revenues" on Page 20 of the Financial Statements*). Non-operating revenues increased \$13,905 (1%), from \$1,398,283 in FY 2021 to \$1,412,188 in FY 2022. The small increase in Non-operating revenue was caused by a significant increase in Other Non-operating Revenue due to increased refunds from JPIA and SOCWA, offset by a significant decrease in Investment Income due to the difficult investment environment for fixed income investments.
- Operating Expenses, net of OPEB Charges and Depreciation and Amortization, increased \$912,356 (3.92%), from \$23,283,264 in FY 2021 to \$24,195,620 in FY 2022 (*Please see the chart "Expenses" on Page 21 of the Comprehensive Financial Statements*). The increases in Operating Expenses were caused by increases in personnel costs as salary and benefit costs increased, increases in utility costs as electrical service costs increased significantly, and by increases in the cost of most other goods and services as cost inflation for the typical goods and services purchased by the District increased significantly.

Recommended Action: Staff recommends that the Board of Directors Receive and File the District's Comprehensive Financial Statements for the Fiscal Year ended June 30, 2022.

Attachments

- Attachment 1 – Comprehensive Financial Statements for the Fiscal Year Ended June 30, 2022
- Attachment 2 – Additional Communications Letter
- Attachment 3 – Government Auditing Standards Communication



El Toro Water District

2022 Audit Results

Joe Ludin, CPA
Principal

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Outline

- Scope of Services
- Auditors' Opinion and Reports
- Communication with Those Charged with Governance



Scope of Services

- Audit of the District's financial statements as of and for the year ended June 30, 2022 in accordance with Generally Accepted (US) and Government Auditing Standards



Auditors' Opinion

- Audit of financial statements for the year ended June 30, 2022
- Management is responsible for preparation and fair presentation of the financial statements
- Auditor's responsibility is to express an opinion on the financial statements
- Standards require that the audit is planned and performed to obtain reasonable assurance that financial statements are free from material misstatement



Auditors' Opinion

- Audit evidence is sufficient and appropriate to provide a basis of our audit opinion
- Unmodified opinion
- Other Matters
 - RSI
 - Management's Discussion and Analysis (MD&A)
 - Required Schedules for OPEB



Report on Internal Control over Financial Reporting

- We considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate for the purpose of expressing our opinion on the financial statements,
- We did not identify material weakness or significant deficiencies



Communication with Those Charged with Governance

- The planned scope and timing of the June 30, 2022 audit was communicated to the District in a planning meeting
- Management is responsible for the selection and use of appropriate accounting policies, which are described in note 1 to the financial statements.
- Management has selected and applied other significant accounting policies appropriately and consistently



Communication with Those Charged with Governance

- Significant estimates reported in the financial statements include the following:
 - Fair market value of investments
 - Estimated useful lives of capital assets for depreciation purposes
 - Calculation of net OPEB liability provided by an outside actuary



Communication with Those Charged with Governance

- We encountered no significant difficulties during our audit.
- No disagreements arose during the course of our audit with management.
- Representations related to audit obtained from management in a letter dated February 15, 2023.
- To our knowledge, the District did not consult with other accountants regarding auditing or accounting matters.
- Any questions?



Attachment 1
Comprehensive Financial Statements
for the Year Ended June 30, 2022

EL TORO WATER DISTRICT
COMPREHENSIVE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2022



**EL TORO WATER DISTRICT
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INTRODUCTORY SECTION



El Toro Water District

"A District of Distinction"

Serving the Public – Respecting the Environment

February 15, 2023

Board of Directors

Kay Havens
President

Jose F. Vergara
Vice President

Kathryn Freshley
Director

Mike Gaskins
Director

Mark L. Monin
Director

General Manager

Dennis P. Cafferty

Board of Directors El Toro Water District

Submitted for your review and consideration is the Comprehensive Annual Financial Report for the El Toro Water District (the "District"), for the fiscal year ended June 30, 2022 (FYE 2022). California law requires special purpose governments to publish a complete set of financial statements within 180 days of the close of each fiscal year. This Comprehensive Annual Financial Report is issued by the District to comply with this requirement and to enable elected officials, District residents, and all other stakeholders to gain a comprehensive understanding of the District's finances.

The financial statements included in this report depict the District's financial position and the changes in that financial position as of June 30, 2022. The Statements are presented in conformity with Generally Accepted Accounting Principles (GAAP) and have been audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants. Responsibility for the accuracy of the data presented, as well as the completeness and fairness of the presentation, including disclosures, rests with the El Toro Water District. The District believes the data presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and changes in financial position of the District. Incorporated into the financial statements are all disclosures necessary to enable the reader to gain a maximum understanding of the District's financial affairs.

The District's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants experienced in auditing special purpose governments in California. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District are free of material misstatements. The independent audit consisted of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based on these audit procedures, the independent auditor concluded there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2022 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

El Toro Water District

Governmental Accounting Standards Board Statement Number 34 requires the District to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A is found immediately following the report of the independent auditors.

Profile of the El Toro Water District

The El Toro Water District was formed in 1960 and serves approximately 47,900 residents of five municipalities located in southern Orange County. The District is a fully integrated water, sewer, and recycled water retail operation with a service area that includes all of the City of Laguna Woods and portions of the Cities of Aliso Viejo, Laguna Hills, Lake Forest, and Mission Viejo. The District's service area includes 5,430 acres or approximately 8.48 square miles.

The District is governed by a Board of Directors consisting of five board members who are elected by the registered voters within District boundaries. The Board of Directors establishes policy and makes decisions based on the District's mission, goals, and operations. The Board's policies are administered and implemented by the General Manager, who is appointed by the Board. Public elections are held every two years and Directors serve four-year staggered terms to ensure continuity.

The Board takes its responsibilities as sound fiscal stewards seriously. Every quarter the District has an Agreed Upon Procedure (AUP) performed by the District's auditors to focus in detail on an aspect of internal controls. Each AUP focuses on different internal control risk areas. Additionally, the District prepares a full cost of service analysis to determine the fairness, justification and adequacy of its rates for the next fiscal year.

The District is very proud to have been awarded the District of Distinction Award by the Special District Leadership Foundation in each accreditation cycle since 2007, a testament to the responsible leadership that has been a long-standing tradition at the District.

Significant Accomplishments during Fiscal Year 2021

During the budget process, the District Board participates in a goal setting discussion for the purpose of establishing or redefining key financial goals and objectives for the forthcoming budget year. District Staff utilizes these budget goals and objectives to guide operations and spending during the budget year. The achievements in the 2022 fiscal year were a result of the goals and objectives established by the Board during the annual budget process and are described below:

General Accomplishments

- The District continued its investment in staff with the critical replacement of the Engineering Manager and the addition of the Water Use Efficiency Analyst.
- The District secured an AA bond rating from Standard & Poor's as part of the 2022 Revenue Bond Issuance.
- The District continued to adapt to the operational and safety protocols necessary to maintain the integrity and reliability of the water, wastewater and recycled water services amidst the COVID-19 pandemic.

El Toro Water District

Financial Management

- Continued the District's commitment to superb financial management practices as demonstrated by the receipt of the Certificate of Achievement for Excellence in Financial Reporting for the FYE 2021 Comprehensive Annual Financial Report, a national recognition of the District's financial reporting by the Government Finance Officers Association (GFOA) of the United States.
- The District successfully issued approximately \$25 million in new debt Revenue Bonds to fund several significant infrastructure projects that need to be completed, including the replacement of the lining and floating cover at the R-6 Reservoir.
- In conjunction with the new debt issuance, the District refinanced all of its outstanding State Revolving Fund (SRF) Loans. This allowed the District to simplify its capital structure and make it easier to access debt in the future if additional infrastructure projects need to be completed.
- The District completed a comprehensive Cost of Service Study to refine its billing rate structure by reexamining all of the assumptions that underpin the District's rate structure.
- The District also continued its commitment to fiscal discipline by approving a budget for the 2022-2023 fiscal year that is balanced and includes funding for several significant capital projects.

Infrastructure Improvements

- The District successfully completed the engineering design for several projects including the R-6 Reservoir Floating Cover and Liner Project and the Filtration Plant Demolition Project.
- The District awarded a contract for the update of the District Master Plan.
- Construction commenced on the R-2 Reservoir Coating Project, funded by a grant from the Department of Water Resources. Following the completion of design, construction also began on the JTM Pump Station.
- The District completed several significant projects, including the reconstruction of the Oso Lift Station the replacement of the WRP Aeration Basin diffusers and the replacement of the Ocean Outfall Pump Station Generator..

Significant Future Initiatives

The District is committed to providing high quality services to its customers while also maintaining the infrastructure needed to provide those services. The challenge the District faces in the future is setting rates that are acceptable to residents but provide sufficient resources to maintain current service levels and complete critical capital projects that are necessary to provide high quality services. The District's initiatives and significant projects in the forthcoming fiscal year are detailed below:

- A significant project that will be ongoing in the 2022-2023 fiscal year is the replacement of the R-6 Reservoir floating cover and liner. This will be a significant construction project that will continue throughout 2022-2023 and likely be completed in 2023-2024. This project will have a significant impact on the District's operations and will improve the overall status of the District's water system infrastructure once complete.
- A second significant project that will occur in 2022-2023 is the demolition of the old water filtration plant. The planned construction of a vehicle and equipment storage facility at the site is expected to be complete in 2023-24.
- In August of 2021, the District Board approved the purchase of an Enterprise Resource Planning software system to upgrade the business processes of the District from several non-integrated software systems to an integrated software solution. This project will be ongoing throughout 2022-2023.

El Toro Water District

Financial Management

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from it, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The District's Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting processes of the District are consistent with the accrual basis of accounting and financial reporting.

Investment Policy

The Board of Directors annually reviews the investment policy to ensure it conforms to State law, District ordinances and resolutions, and prudent money management standards. The objectives of the Investment Policy are safety, liquidity and yield, in that order. District funds are invested in the State Treasurer's Local Agency Investment Fund (LAIF), California Asset Management Program (CAMP), U.S. treasury obligations, government sponsored entities securities, and institutional savings and checking accounts.

Service Rates and District Revenues

District policy requires that revenues derived from user charges and surcharges from District customers must support all District operations including capital project funding. Accordingly, water and wastewater rates are reviewed annually to ensure they are sufficient to support the District's operations. Water and wastewater rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge.

Audit and Financial Reporting

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of CliftonLarsonAllen, LLP has conducted the audit of the District's financial statements. Their unqualified Independent Auditor's Report appears in the Financial Section.

Awards and Acknowledgements

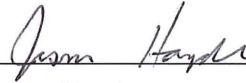
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the El Toro Water District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards, Generally Accepted Accounting Principles (GAAP), and applicable legal requirements. A Certificate of Achievement is valid for one year only. The El Toro Water District has received a Certificate of Achievement for three consecutive years.

Acknowledgements. Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the El Toro Water District's fiscal policies.

Respectfully submitted,



Dennis Cafferty
General Manager



Jason Hayden
Chief Financial Officer



DISTRICT OFFICIALS

Board of Directors

Kathryn Freshley, President

Kay Havens, Vice President

Mike Gaskins, Director

Mark Monin, Director

Jose Vergara, Director

District Management

Dennis P. Cafferty, General Manager

Jason Hayden, Chief Financial Officer

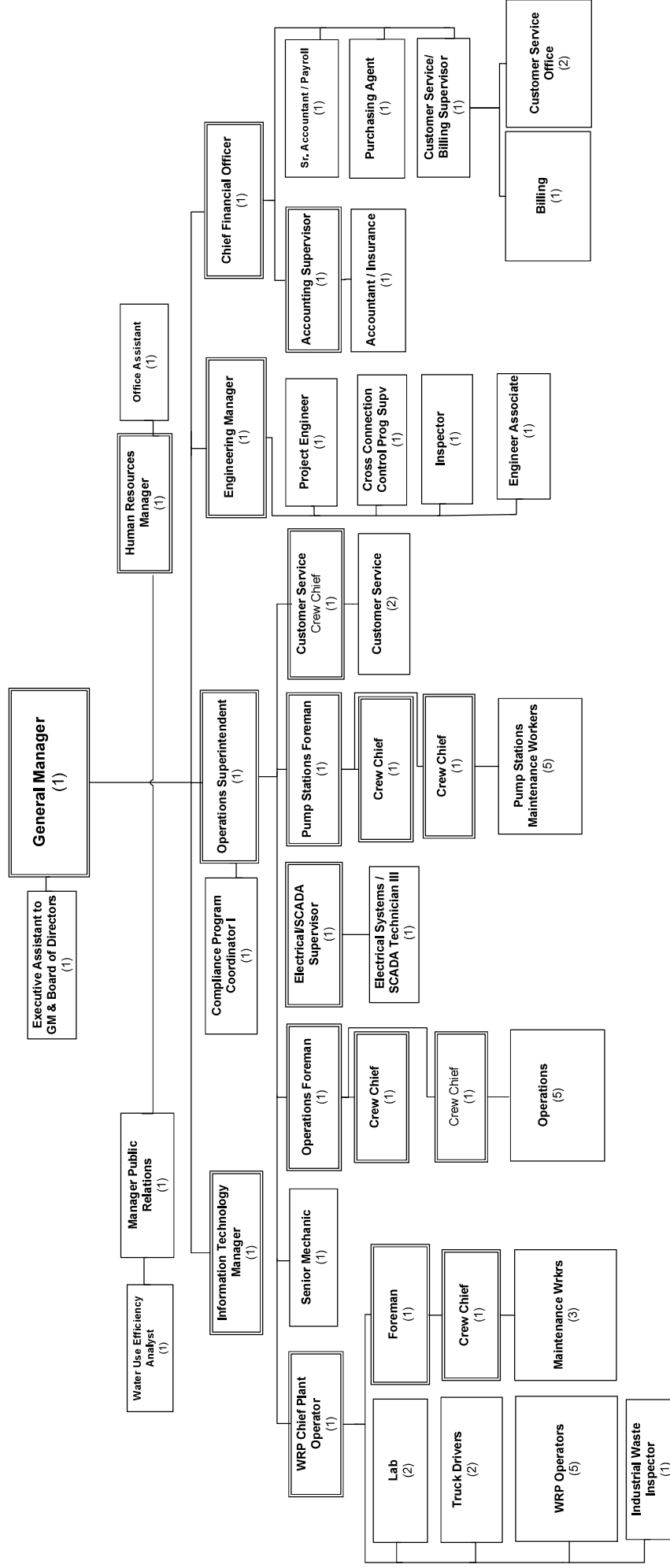
Hannah Ford, Engineering Manager

Judy Cimorell, Human Resource Manager

Michael Miazga, Information Technology Manager



EL TORO WATER DISTRICT 2021 / 2022 ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**El Toro Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors
El Toro Water District
Lake Forest, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the El Toro Water District (the District) which comprise the statement of net position as of June 30, 2022, and the related statement of revenues, expenses and changes in net position, and the statement of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Notes 1S and 8 to the financial statements, as of July 1, 2021, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in the total other postemployment benefit (OPEB) liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2022, was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules of revenue and expenses by category for the year ended June 30, 2022, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements for the year ended June 30, 2022. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules of revenue and expenses by category are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

We also previously audited, in accordance with GAAS, the basic financial statements of the District as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated November 30, 2021, which contained an unmodified opinion on the financial statements. The schedules of revenue and expenses by category for the year ended June 30, 2021, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 financial statements. The information was subjected to the audit procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules of revenue and expenses by category are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2021.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Financial Information

We have previously audited the District's 2021 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated November 30, 2021. In our opinion, the summarized financial information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
February 15, 2023

**El Toro Water District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022**

Management's Discussion and Analysis (MD&A) of activities and financial performance for the El Toro Water District (the "District") provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2022 (FY 2022). We encourage readers to consider the information presented in this section of the Comprehensive Financial Statements in conjunction with the basic financial statements and related notes, which follow the MD&A.

Financial Highlights

- In FY 2022, the District's net position decreased \$2,190,185 (-3.6%), from \$60,853,624 as of June 30, 2021 to \$58,663,439 as of June 30, 2022. The decrease in the District's Net Position is entirely attributable to depreciation expense of approximately \$4.3 million and an Other Post Employment Benefits (OPEB) charge of approximately \$1.6 million.
- In FY 2022, the District's operating revenues increased \$673,167 (2.5%), from \$26,709,979 during the year ended June 30, 2021 (FY 2021) to \$27,383,146 during FY 2022. The increase in Operating Revenues was caused by increases in Service Charges, Reimbursements from Others, and Other Non-operating Revenue. These increases were offset by decreases in Water Consumption Charges, Other Charges for Services, Rental Revenue, and Investment Income. Further discussion of these increases and decreases occurs on Page 19.
- In FY 2022, the District's operating expenses, not including depreciation expense or OPEB Charges, increased \$912,356 or 3.9%, primarily due to increases in Pumping Operations, Treatment Operations, Customer Service, and General & Administrative, offset to some extent by a significant decrease in Transmission & Distribution. Both Depreciation expense and OPEB Charges decreased slightly in FY 2022. Additional discussion of the District's expenses can be found on Page 20.
- In FY 2022, the District's Non-operating Revenues increased slightly, primarily due to an increase in Other Non-operating Revenue combined with a small increase in Property Tax revenue. These increases were largely offset by large decrease in Investment Income and a small decrease in Rental Revenue.
- Non-operating expenses increased as Interest Expense for the District's outstanding debt increased due to the issuance of the 2022 Revenue Bonds, which increased interest expense beginning in March, 2022.

Required Financial Statements

This annual report consists of a series of financial statements, including the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These Statements provide information about the activities and performance of the District and are prepared in accordance with the accrual basis of accounting, similar to the accounting methods used by private sector companies. Incorporated into the Statements are the Notes to the Financial Statements which provide detailed information about the accounting methods and estimates used to prepare the Statements. The report also includes other supplementary information that provides additional details about the El Toro Water District.

- The Statement of Net Position depicts the District's financial position as of June 30, 2022 and includes all of the assets and liabilities of the District. The Net Position of the District is the difference between its assets plus deferred outflows of resources and its liabilities and deferred inflows of resources. The Net Position of the District is classified into three components, net investment in capital assets, restricted, and unrestricted. The Statement of Net Position can be used to evaluate the District's capital structure and assess the liquidity and financial flexibility of the District.

**El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2022**

- The Statement of Revenues, Expenses and Changes in Net Position accounts for all of the revenues and expenses of the District during the fiscal year ended June 30, 2022. The statement measures the financial result of the District's operations during the fiscal year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges.
- The Statement of Cash Flows provides information about changes in the District's cash balance during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operating activities, non-capital and related financing activities, capital and related financing activities, and investing activities. The Statement illustrates the sources of cash, the uses of cash, and the change in the cash balance during the reporting period.
- The Notes to the Financial Statements provide additional information that is essential to achieving a full understanding of the data provided in the financial statements.
- The required supplementary information provides information about the District's progress in funding its obligation to provide Other Post-Employment Benefits to employees.
- The other supplementary information section provides additional detail about the District's revenues and expenses for FY 2021 and FY 2022.

Financial Analysis of the District

The following pages present financial information in condensed schedules from the Statement of Net Position and the Statement of Changes in Revenues, Expenses, and Changes in Net Position.

These two statements report the District's Net Position and changes in the Net Position. The District's net position, the difference between its assets and liabilities is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in Federal and State water quality standards also need to be considered when assessing the District's financial position.

El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2022

Condensed Statement of Net Position

Net Position is the primary indicator of the District's financial position. The Condensed Schedule of Net Position presented below provides an overview of the District's Net Position for fiscal years 2020, 2021, and 2022 and illustrates the changes in the Net Position that occurred between the fiscal years. The District's total Net Position equaled \$58,663,439 at the end of FY 2022 and \$60,853,624 at the end of FY 2021. In FY 2022, total assets and deferred outflows of resources increased \$22,930,025 (19.1%), total liabilities and deferred inflows increased \$25,120,210 (42.5%) and the result of these changes was a decrease of \$2,190,185 (-3.6%) in Net Position.

Condensed Statement of Net Position							
	June 30, 2020	June 30, 2021	Increase/(Decrease)		June 30, 2022	Increase/(Decrease)	
	FY 2020	FY 2021	\$	%	FY 2022	\$	%
			Change	Change		Change	Change
Assets							
Current Assets	\$ 22,412,049	\$ 22,185,188	\$ (226,861)	-1.01%	\$ 22,960,237	\$ 775,049	3.49%
Restricted Assets	2,273,045	2,273,045	-	0.00%	26,797,887	24,524,842	1078.94%
Capital Assets, Net	91,437,536	90,048,564	(1,388,972)	-1.52%	88,583,513	(1,465,051)	-1.63%
Total Assets	116,122,630	114,506,797	(1,615,833)	-1.39%	138,341,637	23,834,840	20.82%
Deferred Outflows of Resources							
Deferred OPEB Outflow	3,634,674	5,469,108	1,834,434	50.47%	4,564,293	(904,815)	-16.54%
Total Deferred Outflows of Resources	3,634,674	5,469,108	1,834,434	50.47%	4,564,293	(904,815)	-16.54%
Total Assets & Deferred Outflows	119,757,304	119,975,905	218,601	0.18%	142,905,930	22,930,025	19.11%
Liabilities							
Current Liabilities	5,141,973	5,938,406	796,433	13.41%	5,627,985	(310,421)	-5.23%
Non-current Liabilities	51,876,051	52,039,964	163,913	0.31%	77,024,552	24,984,588	48.01%
Total Liabilities	57,018,024	57,978,370	960,346	1.66%	82,652,537	24,674,167	29.85%
Deferred Inflows of Resources							
Deferred Amounts from OPEB	-	1,143,911	1,143,911	-	1,589,954	446,043	38.99%
Total Deferred InFlows of Resources	-	1,143,911	1,143,911	-	1,589,954	446,043	28.05%
Net Position							
Net Investment in Capital Assets	55,476,580	56,108,404	631,824	1.13%	30,402,906	(25,705,498)	-45.81%
Restricted	2,273,045	2,273,045	-	0.00%	26,797,887	24,524,842	1078.94%
Unrestricted	4,989,655	2,472,175	(2,517,480)	-101.83%	1,462,646	(1,009,529)	-40.84%
Total Net Position	62,739,280	60,853,624	(1,885,656)	-3.10%	58,663,439	(2,190,185)	-3.60%
Total Liabilities, Deferred Inflows, and Net Position	\$119,757,304	\$119,975,905	\$ 218,601	0.18%	\$142,905,930	\$22,930,025	19.11%

The largest portion of the District's net position (51.8% as of June 30, 2022) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that remains outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending. During 2022, Net Investment in Capital Assets decreased significantly because the District issued \$25 million in new debt with the 2022 Revenue Bonds. Consequently, the debt related to Capital Assets increased by this much but for the most part, the proceeds from the bond issuance were not yet invested in Capital Assets at the end of the year (the proceeds are recognized in Restricted Net Position), so the 2022 Revenue Bond debt reduced capital assets without a corresponding increase in those capital assets.

**El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2022**

As the bond proceeds are expended for the purchase of capital assets in FY 2023 and FY 2024, a significant portion of the District's Net Position will move from Restricted to Net Investment in Capital Assets.

At the end of FY 2022, Restricted Net Position increased substantially because the unexpended portion of the 2022 Revenue Bond proceeds are recognized in this part of Net Position. The District issued the 2022 Revenue Bonds in March of 2022 and therefore had little opportunity to invest the proceeds into capital assets by the end of FY 2022. The 2022 Revenue Bond proceeds will be recognized in Restricted Net Position until they are expended for construction of capital assets in future years.

At the end of FY 2021 and FY 2022, the District's Unrestricted Net Position equaled \$2,472,175 and \$1,462,646, respectively, a decrease of \$1,009,529 (-40.8%) during FY 2022. This portion of Net Position is available to fund current operations in future years. The Unrestricted Net Position is essentially that portion of Net Position that remains after the Net Investment in Capital Assets and the Restricted Net Position are subtracted from the total Net Position (Assets minus Liabilities). The decrease in Unrestricted Net Position in FY 2022 was largely caused by the significant increase in Restricted Net Position. In future years, as the Restricted Net Position is utilized for capital expenses and decreases, the Unrestricted Net Position will likely increase as the impact of depreciation reduces the Net Investment in Capital Assets.

El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2022

Condensed Statements of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position depicts how the District's net position changed during the fiscal year. Net Position decreased \$2,190,185 in FY 2022, from \$60,853,624 at the beginning of the year to \$58,663,439 at the end of the year.

Condensed Statement of Revenues, Expenses, and Changes in Net Position							
	FY 2020	FY 2021	Increase/(Decrease)		FY 2022	Increase/(Decrease)	
			\$	%		\$	%
			Change	Change		Change	Change
Revenues							
Operating Revenues	\$ 25,197,267	\$ 26,709,979	\$ 1,512,712	6.00%	\$ 27,383,146	\$ 673,167	2.52%
Non-operating Revenues	1,744,549	1,398,283	(346,266)	-19.85%	1,412,188	13,905	0.99%
Total Revenues	26,941,816	28,108,262	1,166,446	4.33%	28,795,334	687,072	2.44%
Expenses							
Operating Expenses	22,155,520	22,163,366	7,846	0.04%	24,195,620	2,032,254	9.17%
Depreciation & Amortization	4,483,607	4,774,869	291,262	6.50%	4,287,779	(487,090)	-10.20%
OPEB Charge	1,341,903	2,305,989	964,086	71.84%	1,595,561	(710,428)	-30.81%
Non-operating Expenses	777,511	758,339	(19,172)	-2.47%	1,072,567	314,228	41.44%
Total Expenses	28,758,541	30,002,563	1,244,022	4.33%	31,151,527	1,148,964	3.83%
Net Loss prior to Capital Contributions	(1,816,725)	(1,894,301)	(77,576)	-4.27%	(2,356,193)	(461,892)	24.38%
Capital Contributions	2,894	8,708	5,814	200.90%	166,008	157,300	1806.38%
Change in Net Position	(1,813,831)	(1,885,593)	(71,762)	3.96%	(2,190,185)	(304,592)	16.15%
Net Position							
Beginning of year	64,553,048	62,739,217	(1,813,831)	-2.81%	60,853,624	(1,885,593)	-3.01%
End of Year	\$ 62,739,217	\$ 60,853,624	(1,885,593)	-3.01%	\$ 58,663,439	(2,190,185)	-3.60%

The negative change in Net Position is entirely the result of depreciation expense combined with the OPEB Charge. If these two non-cash expenses were removed, the change in Net Position would have been positive. Although Depreciation and the OPEB Charge are expenses in the current year, they are more indicative of the long term fiscal health of the District and are non-cash expenses.

El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2022

As depicted in the chart below, total revenues for FY 2022 increased \$687,072 (2.44%) when compared to revenues received in FY 2021. The increase in Operating Revenues primarily came from increases in Water and Wastewater Service Charges but were offset to some extent by decreases in Water Consumption Sales and Other Charges for Services. The increase in Service Charges was caused by rate increases. The decrease in Consumption Sales was caused by lower water usage by customers as the State and District actively promoted water efficiency due to the California drought. Non-operating Revenues increased slightly due to a significant increase in Other Non-operating Revenue, primarily from a significant reimbursement of charges the District paid to SOCWA, which was offset by a significant decrease in Investment Income as the District continued to incur Unrealized Losses on its fixed income investment portfolio due to increasing interest rates throughout 2022.

Total Revenues by Major Category							
			Increase/(Decrease)			Increase/(Decrease)	
	FY 2020	FY 2021	\$	%	FY 2022	\$	%
			Change	Change		Change	Change
Operating Revenues							
Water Consumption Sales	\$ 8,705,986	\$ 9,571,562	\$ 865,576	9.94%	\$ 9,212,404	\$ (359,158)	-3.75%
Water Service Charges	4,977,611	5,070,326	92,715	1.86%	5,430,565	360,239	7.10%
Wastewater Service Charges	11,044,342	11,496,657	452,315	4.10%	12,180,223	683,566	5.95%
Reimbursements from Others	328,310	401,225	72,915	22.21%	446,564	45,339	11.30%
Other Charges for Services	141,018	170,209	29,191	20.70%	113,390	(56,819)	-33.38%
Total Operating Revenues	25,197,267	26,709,979	1,512,712	6.00%	27,383,146	673,167	2.52%
Non-operating Revenues							
Property Taxes	1,037,335	1,097,589	60,254	5.81%	1,121,250	23,661	2.16%
Rental Revenue	242,187	236,357	(5,830)	-2.41%	227,227	(9,130)	-3.86%
Investment Income	424,110	21,511	(402,599)	-94.93%	(259,747)	(281,258)	-1307.51%
Other Non-operating revenue	40,917	42,826	1,909	4.67%	323,458	280,632	655.28%
	1,744,549	1,398,283	(346,266)	-19.85%	1,412,188	13,905	0.99%
Total Revenue	\$ 26,941,816	\$ 28,108,262	\$ 1,166,446	4.33%	\$ 28,795,334	687,072	2.44%

El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2022

In FY 2022, Operating Expenses before OPEB Charges and Depreciation & Amortization increased 3.92%, from \$23,283,264 in FY 2021 to \$24,195,620 in FY 2022. The increase was caused by increases in Source of Supply, Pumping Operations, Treatment Operations, Customer Service, and General & Administrative, offset by a significant decrease in Transmission & Distribution. Many of these increases were caused by the District reallocating expenses during the 2021-2022 Budget process to more accurately reflect Personnel expenses. OPEB Charges and Depreciation & Amortization decreased slightly (-1.3%). Interest Expense increased significantly, \$314,228 or 41.4%, due to the issuance of the 2022 Revenue Bonds. A portion of the first interest payment was allocated to FY 2022 as appropriate for accrual purposes.

	Expenses							
			Increase/(Decrease)				Increase/(Decrease)	
	FY 2020	FY 2021	\$ Change	% Change	FY 2022	\$ Change	% Change	
Operating Expenses								
Source of Supply	\$ 8,085,299	\$ 8,763,806	\$ 678,507	8.39%	\$ 8,811,309	\$ 47,503	0.54%	
Pumping Operations	1,359,915	1,417,215	57,300	4.21%	1,702,369	285,154	20.12%	
Treatment Operations	3,763,671	3,951,679	188,008	5.00%	4,908,628	956,949	24.22%	
Transmission & Distribution	5,178,966	5,458,122	279,156	5.39%	3,886,856	(1,571,266)	-28.79%	
Customer Service	603,473	533,039	(70,434)	-11.67%	662,834	129,795	24.35%	
General & Administrative	3,164,196	3,159,403	(4,793)	-0.15%	4,223,624	1,064,221	33.68%	
Sub-total Operating Expenses	22,155,520	23,283,264	1,127,744	5.09%	24,195,620	912,356	3.92%	
OPEB Charges	1,341,903	1,615,466	273,563	20.39%	1,595,561	(19,905)	-1.23%	
Depreciation & Amortization	4,483,607	4,345,557	(138,050)	-3.08%	4,287,779	(57,778)	-1.33%	
Total Operating Expenses	27,981,030	29,244,287	1,263,257	4.51%	30,078,960	834,673	2.85%	
Non-operating Expenses								
Interest Expense	777,511	758,339	(19,172)	-2.47%	1,072,567	314,228	41.44%	
	777,511	758,339	(19,172)	-2.47%	1,072,567	314,228	41.44%	
Total Expenses	\$ 28,758,541	\$ 30,002,626	\$ 1,244,085	4.33%	\$ 31,151,527	\$ 1,148,901	3.83%	

El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2022

Capital Assets

Capital asset balances were as follows:

	Capital Assets						
	FY 2020	FY 2021	Increase/(Decrease)		FY 2022	Increase/(Decrease)	
			\$ Change	% Change		\$ Change	% Change
Capital Assets							
Non-depreciable Assets	\$ 8,244,889	\$ 10,515,919	\$ 2,271,030	27.54%	\$ 12,166,341	\$ 1,650,422	15.69%
Depreciable Assets	163,024,703	163,476,816	452,113	0.28%	164,216,160	739,344	0.45%
Accumulated Depreciation	(79,832,056)	(83,944,171)	(4,112,115)	5.15%	(88,231,950)	(4,287,779)	5.11%
Total Capital Assets, Net	91,437,536	90,048,564	(1,388,972)	-1.52%	88,150,551	(1,898,013)	-2.11%
Net Liabilities for Capital Assets							
Loans Payable - Current	(2,203,943)	(2,249,058)	(45,115)	2.05%	(452,454)	1,796,604	-79.88%
Loans Payable - Non-Current	(33,747,566)	(31,504,688)	2,242,878	-6.65%	(8,109,910)	23,394,778	-74.26%
Bonds Payable - Current	-	-	-	n/a	(1,105,000)	(1,105,000)	n/a
Bonds Payable - Non-Current	-	-	-	n/a	(39,800,000)	(39,800,000)	n/a
Bonds Payable - Amortized Premium	-	-	-	n/a	(7,768,889)	(7,768,889)	n/a
Retention	-	(101,805)	(101,805)	n/a	(52,908)	48,897	n/a
Accounts Payable for Construction	-	(84,609)	(84,609)	n/a	(458,484)	(373,875)	n/a
Total Net Liabilities	(35,951,509)	(33,940,160)	2,011,349	-5.59%	(57,747,645)	(23,807,485)	70.15%
Net Investments in Capital Assets	\$ 55,486,027	\$ 56,108,404	\$ 622,377	1.12%	\$ 30,402,906	\$ (25,705,498)	-45.81%

At the end of fiscal years 2021 and 2022, the District's investment in capital assets amounted to \$56,108,359 and \$30,402,906 (net of accumulated depreciation and related debt), respectively. This investment in capital assets includes land, transmission and distribution systems, buildings, equipment, vehicles and construction-in-process (See Note 3 for further information). The decrease Net Investment in Capital Assets in FY 2022 was primarily caused by the issuance of the 2022 Revenue Bonds. The proceeds of the Bonds have not yet been expended to purchase capital assets but the debt reduces Net Capital Assets, so the Net Investment in Capital Assets decreased by the additional debt issued in 2022. This is depicted in the Capital Assets chart above.

During FY 2022, the District was engaged in several significant capital improvement projects, including the reconstruction of the Oso Lift Station, the R6 Reservoir Cover and Liner Replacement, the JTM Pump Station Construction, the Water Filter Plant Site Reconstruction, and the R2 Recoating Project. All of these projects were included in Construction in Progress at the end of FY 2022. Several of these projects will likely be completed in FY 2023 but several may take several years to complete, especially the R6 Reservoir Project. Once complete, the projects are moved from Construction in Progress to a Capital Asset and begin depreciating.

**El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2022**

Debt Administration

Long-term debt balances were as follows:

Summary of Outstanding Debt								
	FY 2020	FY 2021	Increase/(Decrease)		FY 2022	Increase/(Decrease)		
			\$	%		\$	%	
			Change	Change		Change	Change	
Debt Payable								
Main Extension Contract	\$ 6,180	\$ 6,180	\$ -	0.00%	\$ 6,180	\$ -	0.00%	
SRF Loan - 2010	2,616,216	2,428,708	(187,508)	-7.17%	-	(2,428,708)	-100.00%	
SRF Loan - 2013	21,066,724	19,821,900	(1,244,824)	-5.91%	-	(19,821,900)	-100.00%	
Baker Water Treatment Plant	8,529,750	8,109,910	(419,840)	-4.92%	7,677,055	(432,855)	-5.34%	
SRF Loan - 2018	3,732,639	3,387,048	(345,591)	-9.26%	-	(3,387,048)	-100.00%	
2022 Revenue Bonds	-	-	-	n/a	40,905,000	40,905,000	n/a	
2022 Revenue Bonds - Premium	-	-	-	n/a	8,648,018	8,648,018	n/a	
Total Expenses	\$ 35,951,509	\$ 33,753,746	\$ (2,197,763)	-6.51%	\$ 57,236,253	\$23,482,507	41.03%	

The District engaged in significant debt activities in FY 2022 when the 2022 Revenue Bonds were in March, 2022. A portion of the proceeds were used to refinance the various State Revolving Fund (SRF) Loans the District had used to complete capital improvement projects since 2010 and therefore those Loans were paid off in FY 2022. Another portion of the proceeds will be used in future years to complete several significant capital improvement projects, including several of the projects discussed in the previous section of this MD&A.

See Note 5 for further information on the long-term debt administration.

**El Toro Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2022**

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present and future.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact El Toro Water District at 24251 Los Alisos Boulevard, Lake Forest, California.

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BASIC FINANCIAL STATEMENTS

EL TORO WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 8,571,792	\$ 9,044,411
Investments	9,310,156	8,632,207
Receivables, Net:		
Water Sales and Sewer Services	3,604,539	3,542,589
Miscellaneous	130,384	63,487
Interest	37,939	14,611
Taxes	15,847	13,190
Lease	223,990	-
Other	27,154	23,551
Materials and Supply Inventory	782,349	714,750
Prepaid Expenses	256,087	136,392
Restricted - Cash and Cash Equivalents	26,797,887	2,273,045
Total Current Assets	49,758,124	24,458,233
Noncurrent Assets:		
Lease Receivable	432,962	-
Capital Assets:		
Nondepreciable	12,166,341	10,515,919
Depreciable, Net of Accumulated Depreciation	75,984,210	79,532,645
Total Noncurrent Assets	88,583,513	90,048,564
Total Assets	138,341,637	114,506,797
DEFERRED OUTFLOWS OF RESOURCES		
OPEB-Related Deferred Outflows of Resources	4,564,293	5,469,108
Total Deferred Outflows of Resources	4,564,293	5,469,108
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	3,092,683	2,834,557
Accrued Salaries and Related Payables	111,062	355,292
Customer Deposits	54,147	44,313
Accrued Interest Payable	614,910	272,010
Long-Term Liabilities - Due Within One Year:		
Compensated Absences	197,729	183,176
Loans Payable	1,557,454	2,249,058
Total Current Liabilities	5,627,985	5,938,406
Noncurrent Liabilities:		
Long-Term Liabilities - Due in More than One Year:		
Compensated Absences	1,314,487	1,385,408
Total Other Post Employment Benefits Liability	20,031,266	19,149,868
Loans Payable	55,678,799	31,504,688
Total Noncurrent Liabilities	77,024,552	52,039,964
Total Liabilities	82,652,537	57,978,370
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts from Leases	636,695	-
Deferred Amounts from OPEB	953,259	1,143,911
Total Deferred Inflows of Resources	1,589,954	1,143,911
NET POSITION		
Net Investment in Capital Assets	30,402,906	56,108,404
Restricted - Capital Projects	26,797,887	2,273,045
Unrestricted	1,462,646	2,472,175
Total Net Position	\$ 58,663,439	\$ 60,853,624

See accompanying Notes to Basic Financial Statements.

EL TORO WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
OPERATING REVENUES		
Water Consumption Sales	\$ 9,212,404	\$ 9,571,562
Water Service Charges	5,430,565	5,070,326
Sewer Service Charges	12,180,223	11,496,657
Reimbursements from Others	446,564	401,225
Other Charges for Service	113,390	170,209
Total Operating Revenues	<u>27,383,146</u>	<u>26,709,979</u>
OPERATING EXPENSES		
Source of Supply	8,811,309	8,763,806
Pumping	1,702,369	1,417,215
Treatment	4,908,628	3,951,679
Transmission and Distribution	3,886,856	5,458,122
Customer Service	662,834	533,039
General and Administrative	5,819,185	4,774,869
Depreciation and Amortization	4,287,779	4,345,557
Total Operating Expenses	<u>30,078,960</u>	<u>29,244,287</u>
OPERATING LOSS	(2,695,814)	(2,534,308)
NONOPERATING REVENUES (EXPENSES)		
Property Taxes	1,121,250	1,097,589
Rental Revenue	227,227	236,357
Investment Earnings	(259,747)	21,511
Interest Expense	(1,072,567)	(758,339)
Other Nonoperating Revenue	323,458	42,826
Total Nonoperating Revenues (Expenses)	<u>339,621</u>	<u>639,944</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(2,356,193)	(1,894,364)
CAPITAL CONTRIBUTIONS	<u>166,008</u>	<u>8,708</u>
CHANGES IN NET POSITION	(2,190,185)	(1,885,656)
Net Position - Beginning of Year	<u>60,853,624</u>	<u>62,739,280</u>
NET POSITION - END OF YEAR	<u><u>\$ 58,663,439</u></u>	<u><u>\$ 60,853,624</u></u>

See accompanying Notes to Basic Financial Statements.

**EL TORO WATER DISTRICT
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers for Water Sales and Services	\$ 27,501,099	\$ 25,827,754
Payments to Suppliers for Operations	(19,771,635)	(19,428,999)
Payments to Employees for Salaries and Wages	(4,524,222)	(3,019,806)
Net Cash Provided by Operating Activities	<u>3,205,242</u>	<u>3,378,949</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Property Taxes	1,118,593	1,096,975
Other Revenue (Expense)	(66,897)	(19,680)
Net Cash Provided by Noncapital and Related Financing Activities	<u>1,051,696</u>	<u>1,077,295</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets, Net	(2,389,766)	(2,956,585)
Proceeds from Long-Term Debt	49,726,870	-
Repayment of Long-Term Debt	(26,244,363)	(2,197,763)
Interest Payments	(729,667)	(756,650)
Capital Contributions	166,008	8,708
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>20,529,082</u>	<u>(5,902,290)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of Investments	2,292,885	3,924,497
Purchases of Investments	(15,558,261)	(8,793,729)
Investment Earnings (Loss)	(283,075)	53,809
Proceeds from Rental Income	227,227	236,357
Net Cash Used by Investing Activities	<u>(13,321,224)</u>	<u>(4,579,066)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,464,796	(6,025,112)
Cash and Cash Equivalents - Beginning of Year	<u>11,317,456</u>	<u>17,342,568</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 22,782,252</u>	<u>\$ 11,317,456</u>
CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	\$ 8,571,792	\$ 9,044,411
Restricted - Cash and Cash Equivalents	26,797,887	2,273,045
Total Cash and Investments	<u>\$ 35,369,679</u>	<u>\$ 11,317,456</u>

See accompanying Notes to Basic Financial Statements.

EL TORO WATER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ (2,695,814)	\$ (2,534,308)
Adjustment to Reconcile Operating Loss to Net		
Cash Provided by Operating Activities:		
Depreciation	4,287,779	4,345,557
Other Nonoperating Revenue	323,458	42,826
(Increase) Decrease in Assets:		
Accounts Receivable - Sales and Services	(61,950)	(938,958)
Accounts Receivable - Other	(3,603)	(5,671)
Lease Receivable	(656,952)	-
Inventories	(67,599)	(15,972)
Prepaid Expenses	(119,695)	19,578
Deferred Outflow - OPEB	904,815	(1,834,434)
Increase (Decrease) in Liabilities:		
Accounts Payable	258,126	719,274
Accrued Payroll Liabilities	(244,230)	53,474
Deposits	9,834	(8,440)
Compensated Absences	(56,368)	86,123
Total OPEB Liability	881,398	2,305,989
Deferred Inflow - Leases	636,695	-
Deferred Inflow - OPEB	(190,652)	1,143,911
Total Adjustments	<u>5,901,056</u>	<u>5,913,257</u>
Net Cash Provided by Operating Activities	<u>\$ 3,205,242</u>	<u>\$ 3,378,949</u>

See accompanying Notes to Basic Financial Statements.

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Operations of the Reporting Entity

El Toro Water District (the District) was organized in September 1960, under provisions of the California Water District Act (Sections 34000 *et seq.* of the Water Code of the state of California). The District is governed by a Board of Directors made up of five members elected by qualified voters in the District. The purpose of the District is to finance, construct, operate, and maintain a water and wastewater system to serve properties within the District's boundaries.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of accounting principles generally accepted in the United States of America (U.S. GAAP). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable for a component unit that has substantively the same governing body as the District's governing body, and additionally, (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government has operational responsibility for the activities of the component unit.

The El Toro Water District Financing Authority (the Authority) was organized on January 24, 2022, pursuant to the Joint Exercise Powers Act, of the state of California (Code 6500 *et seq.* (the JPA Act) solely for the purpose of assisting the District in financing and refinancing capital improvement projects of the District and in financing working capital for the District. The Authority, an entity legally separate from the District, is governed by substantially all the board members of the District and has an agreement with the District for the receipt of revenues to pay debt service on behalf of the District. As a result of these two factors, the Authority is a blended component unit of the District.

B. Basic Financial Statements

The basic financial statements are composed of the statements of net position, the statements of revenues, expenses, and changes in net position, the statements of cash flows, and the notes to the basic financial statements.

C. Prior Year Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation

The accounts of the District are that of an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

E. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

F. Cash and Cash Equivalents

Substantially all the District's cash is invested in interest-bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash and cash equivalents.

G. Investments and Investment Policy

The District has adopted an investment policy directing the District's General Manager or Chief Financial Officer to invest, reinvest, sell, or exchange securities.

Investments are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Restricted Assets

Amounts shown as restricted assets have been restricted by either debt indenture, by law, or contractual obligations to be used for specified purposes, such as servicing debt and/or construction of capital assets.

I. Accounts Receivable

The District extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Management evaluates all accounts receivable and if it is determined that they are uncollectible, they are written off as bad debt expense. A charge of \$2,097 was made to bad debt expense for the year ended June 30, 2022.

J. Prepaid Items

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

K. Materials and Supplies Inventory

Materials and supplies inventory consist of expendable supplies and are valued at cost using first-in, first-out basis.

L. Property Taxes

The Orange County Assessor's office assesses all real and personal property within the county each year. The Orange County Tax Collector's office bills and collects the District's share of property taxes. The Orange County Auditor-Controller's office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at 1% of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the County of Orange that have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien Date	January 1
Levy Date	July 1
Due Dates	First Installment - November 10 Second Installment - February 10
Collection Dates	First Installment - December 11 Second Installment - April 11

EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Building	25 to 40 Years
Vehicles	5 to 25 Years
Office Furniture and Equipment	5 to 10 Years
Computer Software	5 to 10 Years
Land Improvements	20 to 50 Years
Water Facilities:	
Reservoir	100 Years
Transmission and Distribution	20 to 60 Years
Filtration Plant	30 to 40 Years
Other Plant and Equipment	5 to 15 Years
Sanitation Facilities:	
Collection and Transmission	15 to 50 Years
Treatment and Disposal Plant	15 to 30 Years
Other Plant and Equipment	5 to 15 Years

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflows related to other post employment benefit (OPEB) for an amount equal to employer contributions made after the measurement date of the total OPEB liability.
- Deferred outflows related to OPEB for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the plan.

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources (Continued)

- Deferred outflows related to OPEB for changes of assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with benefits through the plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflows related to OPEB for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the plan.
- Deferred inflow related to leases, this amount is deferred and recognized as an inflow of resources based on the payment provisions in the contracts.

O. Compensated Absences

The District's policy is to permit employees hired prior to July 1, 1997, to accumulate earned vacation for up to a total of 160 hours and employees hired after July 1, 1997, to accumulate earned vacation for up to a total of 240 hours. The District requires employees to take a minimum of 50% of the total hours accrued of vacation each calendar year. If the employee is still not able to reduce the total accrued vacation hours below the maximum, then the amounts exceeding the limit are paid out as part of the employee's current regular compensation at the calendar year-end.

The District's sick leave policy is to permit employees to accumulate sick leave for up to a total of 960 hours. At the end of each calendar year, any amounts exceeding the limit will be transferred to vacation time for employees hired prior to July 1, 1997, using a factor of 5% times the number of complete years and capped at 100%. All hours over the maximum will be paid out at 50% to those hired after July 1, 1997, at the employee's current regular compensation rate.

P. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position (Continued)

Restricted Net Position – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This amount is all net position that does not meet the definition of net investment in capital assets or restricted net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

Q. Water Sales and Sewer Services

Water sales and sewer services are billed on a monthly cyclical basis; respective revenues are recognized when they are earned.

R. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies, or real estate developers desiring services that require capital expenditures or capacity commitment.

S. Leases

The District is a lessor for a noncancellable lease of land. The District recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Leases (Continued)

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

T. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption.

U. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The assumptions also include disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND CASH INVESTMENTS

Cash and Investments

At June 30, 2022, cash and investments were classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	\$ 8,571,792
Investments	9,310,156
Restricted - Cash and Cash Equivalents	<u>26,797,887</u>
Total	<u><u>\$ 44,679,835</u></u>

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Cash and Investments (Continued)

At June 30, 2022, cash and investments consisted of the following:

Cash on Hand	\$ 700
Demand Deposits Held with Financial Institutions	15,577,636
Investments	29,101,499
Total	<u>\$ 44,679,835</u>

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State or Local Agency Bonds	5 Years	10%	None
U.S. Treasury Obligations	5 Years	None	None
Government-Sponsored Agency Securities	5 Years	None	None
Corporate Medium-Term Notes	5 Years	30%	None
Commercial Paper	270 Days	25%	10%
Bankers Acceptance	180 Days	15%	None
Negotiable Certificates of Deposit	5 Years	30%	None
Mortgage Pass-Through Securities	5 Years	20%	None
Money Market Mutual Funds	5 Years	10%	None
Collateralized Bank Deposits	N/A	20%	None
California Local Agency Investment Fund (LAIF)	N/A	30 million	None
California Asset Management Program (CAMP)	N/A	60%	None
Supranationals	5 Years	30%	None
Placement Service Deposit	5 Years	30%	None

N/A - Not applicable

EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the California Government Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table above.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the District's investments by maturity as of June 30, 2022.

Investment Type	Remaining Maturity (in Months)			
	12 Months or Less	13 to 24 Months	25 to 60 Months	Total
U.S. Treasury Obligations	\$ 2,807,065	\$ 1,440,195	\$ 671,629	\$ 4,918,889
Government-Sponsored Entities Securities	226,841	542,374	91,056	860,271
Supranationals	132,153	-	174,895	307,048
Municipal Bonds	-	-	18,683	18,683
Corporate Medium-Term Notes	917,658	895,152	224,299	2,037,109
Commercial Paper	-	-	-	-
Negotiable Certificates of Deposit	7,989,746	2,377,144	2,220,538	12,587,428
Asset-Backed Securities	-	154,916	976,242	1,131,158
LAIF	7,203,917	-	-	7,203,917
CAMP - Money Market	36,996	-	-	36,996
Total	<u>\$ 19,314,376</u>	<u>\$ 5,409,781</u>	<u>\$ 4,377,342</u>	<u>\$ 29,101,499</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table are the minimum ratings required by (where applicable) the California Government Code, the District's investment policy, or debt agreements and the actual Moody's credit rating as of June 30, 2022, for each investment type.

Investment Type	Minimum Legal Rating	Total as of June 30, 2022	Not Rated	Aaa	Aa	P1	P2
U.S. Treasury Obligations	N/A	\$ 4,918,889	\$ -	\$ 4,918,889	\$ -	\$ -	\$ -
Government-Sponsored Entities Securities	AA	860,271	-	860,271	-	-	-
Supranationals	AA	307,048	-	307,048	-	-	-
Municipal Bonds	A	18,683	-	-	-	18,683	-
Corporate Medium-Term Notes	A	2,037,109	-	134,273	29,344	1,537,011	336,481
Commercial Paper	-	-	-	-	-	-	-
Negotiable Certificates of Deposit	AA	12,587,428	-	12,587,428	-	-	-
Asset-Backed Securities	AA	1,131,158	449,385	681,773	-	-	-
LAIF	N/A	7,203,917	7,203,917	-	-	-	-
CAMP - Money Market	N/A	36,996	36,996	-	-	-	-
Total		<u>\$ 29,101,499</u>	<u>\$ 7,690,298</u>	<u>\$ 19,489,682</u>	<u>\$ 29,344</u>	<u>\$ 1,555,694</u>	<u>\$ 336,481</u>

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code with the exception of banker's acceptances, commercial paper, and money market funds, which are limited to an investment in any one issuer of 5%, 5%, and 10%, respectively.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Local Agency Investment Fund (LAIF)).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2022, all of the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

Investment in State Investment Pool

The District is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the California State Treasurer. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investment in California Asset Management Program

The California Asset Management Program (CAMP) is a public joint powers authority that provides California public agencies with investment management services for surplus funds and comprehensive investment management, accounting, and arbitrage rebate calculation services for proceeds of tax-exempt financings. CAMP currently offers the cash reserve portfolio, a short-term investment portfolio, as a means for public agencies to invest these funds. Public agencies invest in the pool (participants) purchase shares of beneficial interest. Participants may also establish individual, professionally managed investment accounts (individual portfolios) by separate agreement with an investment advisor.

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

June 30, 2022	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Obligations	\$ -	\$ 4,918,889	\$ -	\$ 4,918,889
Government-Sponsored Entities				
Securities	-	860,271	-	860,271
Supranationals	-	307,048	-	307,048
Municipal Bonds	-	18,683	-	18,683
Corporate Medium-Term Notes	-	2,037,109	-	2,037,109
Commercial Paper	-	-	-	-
Negotiable Certificates of Deposit	-	12,587,428	-	12,587,428
Asset-Backed Securities	-	1,131,158	-	1,131,158
Total Leveled Investments	<u>\$ -</u>	<u>\$ 21,860,586</u>	<u>\$ -</u>	<u>21,860,586</u>
LAIF*				7,203,917
CAMP - Money Market*				36,996
Total Investments				<u>\$ 29,101,499</u>

* Not subject to fair value measurement hierarchy.

EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 CAPITAL ASSETS

Major capital asset additions during the year include upgrades and extensions of the District's water and wastewater pumping, water transmission and distribution systems, and plant facilities in the following schedules.

A summary of changes in capital assets for the year ended June 30, 2022, is as follows:

	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Capital Assets, Not Depreciated:				
Land, Mineral, and Water Rights	\$ 7,451,586	\$ -	\$ -	\$ 7,451,586
Construction in Progress	3,064,333	2,381,635	(731,213)	4,714,755
Total Capital Assets, not Depreciated	10,515,919	2,381,635	(731,213)	12,166,341
Capital Assets, Being Depreciated:				
Capacity Rights	342,382	-	-	342,382
Source of Supply	19,994,675	15,453	-	20,010,128
Pumping	22,232,123	-	-	22,232,123
Treatment	40,666,224	86,070	-	40,752,294
Transmission and Collection	65,478,106	489,291	-	65,967,397
General Plant Facilities	14,763,306	148,530	-	14,911,836
Total Capital Assets, Being Depreciated	163,476,816	739,344	-	164,216,160
Less Accumulated Depreciation for:				
Capacity Rights	(253,387)	(6,845)	-	(260,232)
Source of Supply	(11,919,361)	(385,722)	-	(12,305,083)
Pumping	(14,151,208)	(898,644)	-	(15,049,852)
Treatment	(29,793,004)	(1,210,969)	-	(31,003,973)
Transmission and Collection	(15,385,838)	(1,312,121)	-	(16,697,959)
General Plant Facilities	(12,441,373)	(473,478)	-	(12,914,851)
Total Accumulated Depreciation	(83,944,171)	(4,287,779)	-	(88,231,950)
Total Capital Assets, Being Depreciated, Net	79,532,645	(3,548,435)	-	75,984,210
Total Capital Assets, Net	\$ 90,048,564	\$ (1,166,800)	\$ (731,213)	\$ 88,150,551

Construction in Progress

The District is involved in various construction projects throughout the year. Once completed, those projects are capitalized and depreciated over the life of the asset. The balance of construction in progress was \$4,714,755 as of June 30, 2022.

Construction in progress consisted of the following projects as of June 30:

Project Description	2022
Oso Lift Station Improvement	\$ 2,573,884
R6 Reservoir Floating Cover	256,487
JTM Pump Station	213,938
Filter Plant Site	461,687
R2 Recoating Project	402,082
Aeration Basin Diffuser	258,434
Various Other Minor Projects <\$200,000	548,243
Total Construction in Progress	<u>\$ 4,714,755</u>

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 COMPENSATED ABSENCES

A summary of changes to compensated absences for the year ended June 30, 2022, is as follows:

Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Current Portion	Noncurrent Portion
\$ 1,568,584	\$ 688,991	\$ (745,359)	\$ 1,512,216	\$ 197,729	\$ 1,314,487

NOTE 5 LONG-TERM DEBT

The following is a summary of long-term debt at June 30, 2022:

	July 1, 2021	Additions	Deletions	June 30, 2022	One Year	Than One Year
Direct Borrowings:						
Loans Payable:						
Main Extension Contract	\$ 6,180	\$ -	\$ -	\$ 6,180	\$ 6,180	\$ -
SRF Loan - 2010	2,428,708	-	(2,428,708)	-	-	-
SRF Loan - 2013	19,821,900	-	(19,821,900)	-	-	-
Baker Water Treatment Plant -						
Refinance Loan	8,109,910	-	(432,855)	7,677,055	446,274	7,230,781
SRF Loan - 2018	3,387,048	-	(3,387,048)	-	-	-
Revenue Bonds, Series 2022A	-	40,905,000	-	40,905,000	1,105,000	39,800,000
Premium, Series 2022A	-	8,821,870	(173,852)	8,648,018	-	8,648,018
Total Loans Payable	<u>\$ 33,753,746</u>	<u>\$ 49,726,870</u>	<u>\$ (26,244,363)</u>	<u>\$ 57,236,253</u>	<u>\$ 1,557,454</u>	<u>\$ 55,678,799</u>

Main Extension Contracts

Main extension contracts are payable to developers without interest. The payments are based on a percentage of revenue received from units served by the water main. The contracts must be repaid in not more than 25 years but may be paid off in advance at the option of the District. The outstanding balance at June 30, 2022 was \$6,180.

State Revolving Fund Loan 2010 – Northline Lift Station Improvement Project

In October 2010, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a State Revolving Fund Loan (SRF Loan) in an amount of \$3,918,590 for the Northline Lift Station Improvement project. The loan carries an interest rate of 2.70% per annum. The loan was paid off during fiscal year 2021-2022 with a portion of the proceeds from the issuance of Series 2022A Water and Wastewater Revenue Bonds.

State Revolving Fund Loan 2013 – Recycled Water Treatment Plan Project

In February 2013, the District entered into an agreement with the California SWRCB for an SRF Loan in an amount of \$28,002,378 with an interest rate of 1.70% per annum for the Recycled Water Treatment Plan project. The loan was paid off during fiscal year 2021-2022 with a portion of the proceeds from the issuance of Series 2022A Water and Wastewater Revenue Bonds.

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Baker Water Treatment Plant Agreement and Refinance Loan

In December 2013, the District entered into the Baker Water Treatment Plant Agreement, along with five other public entities relating to the Baker treatment plant. In January 2014, the District entered into an installment sale agreement with the Irvine Ranch Water District (IRWD) for the purchase of the District's portion of rights, title, and interest to the capacity not-to-exceed amount of \$12,500,000.

In 2017, the District refinanced IRWD's installment sale agreement with a loan from a financial institution for \$9,715,035 with an interest rate of 3.10%. The loan is scheduled to mature in 2036. Principal and interest are payable annually at the interest rate of 3.10%.

Future annual debt service requirements on the loan are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 446,274	\$ 237,989	\$ 684,263
2024	460,108	224,154	684,262
2025	474,372	209,891	684,263
2026	489,077	195,185	684,262
2027	504,239	180,024	684,263
2028 - 2032	2,765,584	655,729	3,421,313
2033 - 2036	2,537,401	199,650	2,737,051
Total	<u>\$ 7,677,055</u>	<u>\$ 1,902,622</u>	<u>\$ 9,579,677</u>

State Revolving Fund Loan 2018 – Phase II Recycled Water Distribution System Expansion Project

In December 2018, the District entered into an agreement with the California SWRCB for an SRF Loan in an amount of \$4,085,782 with an interest rate of 1.70% per annum for the Phase II Recycled Water Distribution System Expansion project. The loan was paid off during fiscal year 2021-2022 with a portion of the proceeds from the issuance of Series 2022A Water and Wastewater Revenue Bonds.

Water and Wastewater Revenue Bonds, Series 2022A

In March 2022, the El Toro Water District Financing Authority issued the Water and Wastewater Revenue Bonds, Series 2022A in the amount of \$40,905,000 to refund the State Revolving Fund Loan 2010 – Northline Lift Station Improvement Project, State Revolving Fund Loan 2013 – Recycled Water Treatment Plan Project, State Revolving Fund Loan 2018 – Phase II Recycled Water Distribution System Expansion Project, and to finance certain capital improvements to the District's potable water system, recycled water system and sanitary sewer system, and to pay the costs of issuance of the 2022A Revenue Bonds. Principal is payable in annual installments ranging from \$835,000 to \$1,850,000 maturing in 2052 at an interest rate of 5%. The District realized an increase in debt service cash outflows of \$643,224 and an economic loss of \$365,743 related to the refunding portion of the Bonds.

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Water and Wastewater Revenue Bonds, Series 2022A (Continued)

Future annual debt service requirements on the loan are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,105,000	\$ 2,459,678	\$ 3,564,678
2024	1,380,000	1,952,560	3,332,560
2025	1,450,000	1,883,650	3,333,650
2026	1,525,000	1,811,150	3,336,150
2027	1,600,000	1,734,900	3,334,900
2028 - 2032	8,420,000	7,412,500	15,832,500
2033 - 2037	6,190,000	5,463,750	11,653,750
2038 - 2042	4,965,000	4,274,900	9,239,900
2043 - 2047	6,270,000	2,971,250	9,241,250
2048 - 2052	8,000,000	1,238,750	9,238,750
Total	<u>\$ 40,905,000</u>	<u>\$ 31,203,088</u>	<u>\$ 72,108,088</u>

NOTE 6 DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS

The District contributes to the El Toro Water District Retirement Savings Plan and Trust (the Plan), which is a qualified defined contribution pension plan under Section 401(k) of the Internal Revenue Code (IRC). The Plan is administered by the District. The District's Board of Directors has approved the funding of this benefit and may change the percentage as deemed necessary.

Additionally, the District offers a 457 deferred compensation plan. In accordance with GASB Statement No. 32, *Accounting and Financial Reporting/or Internal Revenue Code Section 457 Deferred Compensation Plans*, the District has little administrative involvement and does not perform the investing function for the Plan, and the assets and related liabilities are not presented in the accompanying financial statements in accordance with GASB Statement No. 32.

As of February 1, 2016, the District executed an amendment to the Plan authorizing the District (as employer) to match an amount equal to 75% of each participant's total contributions to either 401(k) or 457 plans, but no more than 10% of their annual compensation. However, the District's contributions can be deposited to the 401(k) plan only.

In addition, the District contributes an amount equal to 9% of compensation for a Plan year for all qualified participants regardless of whether they are an employee on the last day of the Plan year and regardless of whether they made any salary deferrals to the Plan. Employees are immediately vested in their employer contributions. District contributions to the 401(k) plan were \$1,024,814 as of June 30, 2022.

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 OTHER POST EMPLOYMENT BENEFITS

Plan Description

The District pays all or a portion of the cost of health insurance for retirees (including prescription drug benefits) under any group plan offered by the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) Health Program, subject to certain restrictions as determined by the District. The District's plan is a single employer plan.

Benefits

The District offers post employment medical benefits to retired employees who satisfy the eligibility rules. Certain spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the District's ACWA/JPIA Health Program. The contribution requirements of eligible retired employees and the District are established and may be amended by the Board of Directors.

Employees Covered

At the June 30, 2021, measurement date, the following current and former employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	22
Active Employees	59
Total	<u>81</u>

Actuarial Assumptions

The total OPEB liability, measured as of June 30, 2021, was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Assumptions:	
Discount Rate	2.16%
Projected Salary Increase	3% Per Year
Inflation	2.75% Per Year
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study (2% @ 55 Rates for Tiers 1-3, Modified Rates for Tier 4
Mortality Improvement	Mortality Projected Fully Generational with Scale MP-2020
Medical Trend	
Non-Medicare	7% for 2022, Decreasing to 4% in 2076
Medicare (Non-Kaiser)	6.1% for 2022, Decreasing to 4% in 2076
Medicare (Kaiser)	5% for 2022, Decreasing to 4% in 2076
Healthcare Participation at Retirement	
Actives	95% Tiers 1-3, 90% Tier 4
Retirees	100%
Spouse Healthcare Participation at Retirement	
Spouse Currently Covered	100% Tiers 1-3, 50% Tier 4
Spouse not Currently Covered	0%
Medical Plan Election at Retirement	Same as Currently Elected

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Contribution

The obligation of the District to contribute to the plan is established and may be amended by the Board of Directors. The contribution required to be made is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due) and an implied subsidy determined by an actuary. For the year ended June 30, 2022, the District made payments of \$258,980 for premiums and the implied subsidy was \$57,763, thereby resulting in payments of \$316,743.

Discount Rate

The discount rate used to measure the 2021 total OPEB liability was 2.16%. This discount rate is the Bond Buyer 20-Bond GO index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the measurement period ended June 30, 2021:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability at June 30, 2021	\$ 23,682,821	\$ 20,031,266	\$ 17,138,926

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates for the measurement period ended June 30, 2021:

	1% Decrease	Healthcare Cost Trend Rates (a)	1% Increase
Total OPEB Liability at June 30, 2021	\$ 16,730,602	\$ 20,031,266	\$ 24,268,929

(a) Non-Medicare - 7% for 2022, Decreasing to 4% in 2076
 Medicare (Non-Kaiser) - 6.1% for 2024, Decreasing to 4% in 2076
 Medicare (Kaiser) - 5% for 2022, Decreasing to 4% in 2076

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Change in Total OPEB Liability

A summary of change in the total OPEB liability for the measurement date June 30, 2021, is as follows:

Balance at June 30, 2020 (Measurement Date)	\$ 19,149,868
Changes in the Year:	
Service Cost	598,651
Interest on the Total OPEB Liability	433,004
Changes in Assumptions	160,868
Benefit Payments	<u>(311,125)</u>
Net Changes	<u>881,398</u>
Balance at June 30, 2021 (Measurement Date)	<u><u>\$ 20,031,266</u></u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2022, OPEB expense in the amount of \$1,912,304 is included in the accompanying statement of revenues, expenses and changes in net position. For the year ended June 30, 2022, the District reported deferred outflows or inflows of resources related to OPEB due to the initial valuation of OPEB under GASB Statement No. 75 as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB Contributions Subsequent to Measurement Date	\$ 316,743	\$ -
Differences Between Actual and Expected Experience	423,175	(953,259)
Change in Assumptions	<u>3,824,375</u>	<u>-</u>
Total	<u><u>\$ 4,564,293</u></u>	<u><u>\$ (953,259)</u></u>

The \$316,743 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date during the year ended June 30, 2021, will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023.

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
(Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB for measurement period June 30, 2021, are recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 880,649
2024	880,649
2025	880,647
2026	373,187
2027	256,178
Thereafter	22,981

Change of Assumptions

The following assumption was changed from the June 30, 2020 actuarial valuation rolled forward for the measurement period ended June 30, 2021: the discount rate was updated from 2.21% to 2.16%.

NOTE 8 LEASES

The District, acting as lessor, leases land under a long-term, noncancelable lease agreement. The leases expire at various dates through January 2027. During the year ended June 30, 2022, the District recognized \$227,227 and \$19,715 in lease revenue and interest revenue, respectively, pursuant to these contracts.

The leases provide for increases in future minimum annual rental payments based on defined increases and increases based on the Consumer Price Index, subject to certain minimum increases.

NOTE 9 NET POSITION

Net investment in capital assets at June 30, 2022, consisted of the following:

Capital Assets - Not Being Depreciated	\$ 12,166,341
Capital Assets, Net - Being Depreciated	75,984,210
Loans Payable - Current	(1,557,454)
Loans Payable - Noncurrent	(55,678,799)
Retention	(52,908)
Accounts Payable for Construction Projects	(458,484)
Net Investment in Capital Assets	<u>\$ 30,402,906</u>

EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the ACWA/JPIA, an intergovernmental risk-sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2022, the District participated in the liability and property programs of the ACWA/JPIA as follows:

In addition to the above, the District also has the following insurance coverage:

- General and auto liability and public officials' and employees' errors and omissions: The JPIA pools for the first \$5 million. The JPIA purchases additional excess coverage layers: \$55 million per occurrence for general, auto, and public officials' liability, which increases the limits on the insurance coverage noted above. Additionally, there are lower limits related to terrorism (\$5 million), communicable disease (\$10 million), PFAS (\$29.5 million) subsidence (\$45 million), lead (\$45 million), and mold (\$45 million).
- Employee dishonesty coverage of up to \$3,000,000 with a \$1,000 deductible per loss, includes public employee dishonesty, forgery or alteration, and use of computer to transfer covered property coverage.
- Property loss coverage for boiler and machinery is up to \$100,000,000 with a \$25,000 deductible except for turbine or power generation equipment which is \$50,000. Coverage for earthquakes is up to \$2,500,000 in program aggregate, with a deductible of 5% of the total insurable value which is \$52,387,691. Coverage for floods is up to \$25,000,000, with a deductible of \$100,000. Real property has a deductible of \$1,000; the ACWA/JPIA is self-insured for up to \$100,000; excess insurance has been purchased.
- For underground storage tank pollution liability, the District is insured for up to \$3,000,000 with a \$10,000 deductible; the ACWA/JPIA is self-insured for up to \$500,000; excess insurance coverage has been purchased to cover losses up to \$3,000,000.
- Dam failure liability coverage of up to \$9,000,000 million per occurrence; the ACWA/JPIA is self-insured up to \$1,000,000; excess insurance coverage has been purchased.
- Workers' compensation insurance for up to California statutory limits for all work-related injuries/illnesses covered by California law. The ACWA/JPIA is self-insured for up to \$2.0 million; excess insurance coverage has been purchased with a \$4,000,000 aggregate limit.
- Cyber security coverage is \$5,000,000 per occurrence and \$5,000,000 in aggregate with a deductible up to \$1000,000 per occurrence based on annual revenues.
- Fiduciary liability coverage of up to \$3,000,000 with a deductible of \$15,000 for claims resulting from a breach in fiduciary duty associated with its retirement pension plan.

**EL TORO WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 RISK MANAGEMENT (CONTINUED)

Settled claims have not exceeded any of the coverage amounts, and there were no reductions in the District's insurance coverage during the year ended June 30, 2022. Liabilities are recorded when it is probable that a loss has been incurred, and the amount of the loss can be reasonably estimated net of the respective insurance coverage.

Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2022.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement, or modification of water and wastewater facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and capital contributions. As of June 30, 2022, the District had engineering design and construction commitments of approximately \$704,000.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

EL TORO WATER DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

Fiscal Year	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:					
Service Cost	\$ 598,651	\$ 468,321	\$ 410,098	\$ 267,270	\$ 260,117
Interest on Total OPEB Liability	433,004	600,602	598,626	430,926	409,009
Differences Between Actual and Expected Experience	-	(1,334,563)	-	987,411	-
Assumption Changes	160,868	2,875,924	923,090	2,564,813	-
Benefit Payments	(311,125)	(304,295)	(292,405)	(237,713)	(228,570)
Net Change in Total OPEB Liability	881,398	2,305,989	1,639,409	4,012,707	440,556
Total OPEB Liability - Beginning of Year	19,149,868	16,843,879	15,204,470	11,191,763	10,751,207
Total OPEB Liability - End of Year (a)	<u>\$ 20,031,266</u>	<u>\$ 19,149,868</u>	<u>\$ 16,843,879</u>	<u>\$ 15,204,470</u>	<u>\$ 11,191,763</u>
Plan Fiduciary Net Position:					
Contributions - Employer	311,125	304,295	292,405	237,713	228,570
Net Investment Income	-	-	-	-	-
Administrative Expenses	-	-	-	-	-
Benefit Payments	(311,125)	(304,295)	(292,405)	(237,713)	(228,570)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-
Plan Fiduciary Net Position - Beginning of Year	-	-	-	-	-
Plan Fiduciary Net Position - End of Year (b)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 20,031,266</u>	<u>\$ 19,149,868</u>	<u>\$ 16,843,879</u>	<u>\$ 15,204,470</u>	<u>\$ 11,191,763</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered - Employee Payroll	\$ 6,174,982	\$ 5,980,908	\$ 5,889,881	\$ 5,709,337	\$ 5,696,461
Total OPEB Liability as Percentage of Covered - Employee Payroll	324.39%	320.18%	285.98%	266.31%	196.47%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From measurement date of June 30, 2019 to June 30, 2020:

Discount rate was updated based on municipalbond rate as of the measurement date from 3.5% to 2.21%

Mortality schedule updated from Scale MP-2018 to Scale MP-2020

From measurement date of June 30, 2020 to June 30, 2021:

Discount rate was updated based on municipalbond rate as of the measurement date from 2.21% to 2.16%

* Fiscal year 2018 was the first year of implementation and therefore only five years are shown.

SUPPLEMENTARY INFORMATION

EL TORO WATER DISTRICT
SCHEDULE OF REVENUE BY CATEGORY
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

OPERATING REVENUES	<u>2022</u>	<u>2021</u>
Water Consumption Sales		
Unrestricted	\$ 8,396,397	\$ 8,824,016
Restricted - Conservation	200,000	100,000
Restricted - Recycled Water	<u>616,007</u>	<u>647,546</u>
Total Water Consumption Sales	9,212,404	9,571,562
Water Service Charges		
Operations & Maintenance	4,177,676	3,805,648
Capital Replacement & Refurbishment	<u>1,252,889</u>	<u>1,264,678</u>
Total Water Service Charges	5,430,565	5,070,326
Sewer Service Charges		
Wastewater Service Charges		
Operations & Maintenance	8,042,358	7,549,752
Capital Replacement & Refurbishment	1,606,146	1,605,820
Recycled Consumption Sales	2,012,144	1,898,113
Recycled Service Charges		
Operations & Maintenance	372,728	308,199
Capital Replacement & Refurbishment	<u>146,847</u>	<u>134,773</u>
Total Sewer Service Charges	12,180,223	11,496,657
Reimbursements from Others		
Recycled Water Rebates	323,454	270,175
Shared Facility Charges	<u>123,110</u>	<u>131,050</u>
Total Reimbursements from Others	446,564	401,225
Other Charges for Service		
Miscellaneous Revenue	22,670	104,198
Miscellaneous Charges for Service	11,185	10,975
Refunds/Rebates	<u>79,535</u>	<u>55,036</u>
Total Other Charges for Service	113,390	170,209
TOTAL OPERATING REVENUES	27,383,146	26,709,979
NONOPERATING REVENUES		
Property Taxes		
Water System	448,512	439,052
Wastewater System	583,038	570,730
Recycled Water System	89,700	87,807
Rental Revenue	227,227	236,357
Investment Income	(259,747)	21,511
Other NonOperating Revenue	<u>323,458</u>	<u>42,826</u>
TOTAL NONOPERATING REVENUES	<u>1,412,188</u>	<u>1,398,283</u>
TOTAL REVENUE	<u><u>\$ 28,795,334</u></u>	<u><u>\$ 28,108,262</u></u>

EL TORO WATER DISTRICT
SCHEDULE OF EXPENSES BY CATEGORY
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

OPERATING EXPENSES	<u>2022</u>	<u>2021</u>
Source of Supply	\$ 8,811,309	\$ 8,763,806
Pumping		
Water System	1,065,350	841,888
Wastewater System	<u>637,019</u>	<u>575,327</u>
Total Pumping	1,702,369	1,417,215
Treatment		
Water System	54,839	47,884
Wastewater System	4,407,183	3,524,731
Recycled System	<u>446,606</u>	<u>379,064</u>
Total Treatment	4,908,628	3,951,679
Transmission & Distribution		
Water System	1,359,618	2,036,245
Wastewater System	138,988	750,678
Recycled System	6,624	2,580
Operations Support	<u>2,381,626</u>	<u>2,668,619</u>
Total Transmission & Distribution	3,886,856	5,458,122
Customer Service	662,834	533,039
General & Administrative		
Administration	4,223,624	3,159,403
OPEB Charges	<u>1,595,561</u>	<u>1,615,466</u>
Total General & Administrative	5,819,185	4,774,869
Depreciation & Amortization	<u>4,287,779</u>	<u>4,345,557</u>
TOTAL OPERATING EXPENSES	30,078,960	29,244,287
NONOPERATING EXPENSES		
Interest Expense	<u>1,072,567</u>	<u>758,339</u>
TOTAL NONOPERATING EXPENSES	<u>1,072,567</u>	<u>758,339</u>
TOTAL EXPENSES	<u><u>\$ 31,151,527</u></u>	<u><u>\$ 30,002,626</u></u>

STATISTICAL SECTION (UNAUDITED)

**EL TORO WATER DISTRICT
INDEX TO STATISTICAL SECTION
YEAR ENDED JUNE 30, 2022**

	<u>Page Number</u>
FINANCIAL TRENDS:	49
These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	
REVENUE CAPACITY:	51
These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales.	
DEBT CAPACITY:	58
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
DEMOGRAPHIC INFORMATION:	60
This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	
OPERATING INFORMATION:	63
This schedule contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides.	

**EL TORO WATER DISTRICT
CHANGES IN NET POSITION AND NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2013	2014	2015	2016	2017
CHANGES IN NET POSITION					
Operating Revenues (See Schedule 2)	\$ 8,077,870	\$ 8,725,408	\$ 9,771,324	\$ 10,759,981	\$ 24,032,874
Operating Expenses (See Schedule 3)	(2,781,397)	(2,831,181)	(3,378,409)	(23,990,984)	(4,350,053)
Operating Income (Loss)	5,296,473	5,894,227	6,392,915	(13,231,003)	19,682,821
Nonoperating Revenues (Expenses):					
Property Taxes Ad-Valorem	753,865	774,568	815,554	843,301	888,973
Rental Revenue ⁽²⁾	-	165,282	246,196	172,665	181,491
Investment Earnings ⁽⁵⁾⁽⁷⁾	124,439	51,881	76,804	147,447	75,113
Interest Expense ⁽³⁾	(327,684)	(185,655)	(132,375)	(397,680)	(706,683)
Other Nonoperating Revenues ⁽⁶⁾	463,981	56,564	218,824	188,701	152,710
Other Nonoperating Expenses ⁽¹⁾	(1,571,619)	-	-	-	-
Total Nonoperating Revenues (Expenses), Net	(557,018)	862,640	1,225,003	954,434	591,604
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	4,739,455	6,756,867	7,617,918	(12,276,569)	20,274,425
CAPITAL CONTRIBUTIONS	3,092,146	1,648,257	-	577,471	85,821
CHANGES IN NET POSITION	<u>\$ 7,831,601</u>	<u>\$ 8,405,124</u>	<u>\$ 7,617,918</u>	<u>\$ (11,699,098)</u>	<u>\$ 20,360,246</u>
NET POSITION BY COMPONENT					
Net Investment in Capital Assets	\$ 53,386,647	\$ 57,218,606	\$ 52,204,625	\$ 57,306,311	\$ 57,194,565
Restricted:					
Debt Service ⁽⁹⁾	3,326,941	2,772,564	2,285,068	1,602,958	1,602,958
Capital Projects	29,640	83,771	571,268	577,471	23,081
Total Restricted	3,356,581	2,856,335	2,856,336	2,180,429	1,626,039
Unrestricted ⁽⁴⁾	11,639,157	9,522,511	14,415,785	10,047,708	10,136,417
Total Net Position	<u>\$ 68,382,385</u>	<u>\$ 69,597,452</u>	<u>\$ 69,476,746</u>	<u>\$ 69,534,448</u>	<u>\$ 68,957,021</u>

- (1) Refund to Golden Rain Foundation the Sinking fund balance in connection with the agreement that ETWD to provide Disinfected Tertiary Recycled Water for irrigation within the Laguna Woods Village Golf Course.
- (2) In FY 13/14 the District created a separate line item for cell tower rental income. In the prior years this revenue was included with other nonoperating revenues.
- (3) Starting with FY 16/17 expenses included the Baker Water Treatment Plant loan interests with Texas Capital.
- (4) The decrease/increase in Unrestricted due to the implementation of GASB Statement No. 75 in recording OPEB liability.
- (5) Investment Earnings increase was resulted from higher interests rate earned on short-term LAIF and CAMP investments.
- (6) The increase was attributed to a refund from South Orange County Waste Water Authority (SOCWA).

**EL TORO WATER DISTRICT
CHANGES IN NET POSITION AND NET POSITION BY COMPONENT (CONTINUED)
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2018	2019	2020	2021	2022
CHANGES IN NET POSITION					
Operating Revenues (See Schedule 2)	\$ 10,955,238	\$ 11,044,342	\$ 11,496,657	\$ 26,709,979	\$ 27,383,146
Operating Expenses (See Schedule 3)	(4,466,431)	(4,483,607)	(4,345,557)	(29,244,287)	(30,078,960)
Operating Income (Loss)	6,488,807	6,560,735	7,151,100	(2,534,308)	(2,695,814)
Nonoperating Revenues (Expenses):					
Property Taxes Ad-Valorem	927,672	1,012,576	1,037,335	1,097,589	1,121,250
Rental Revenue ⁽²⁾	188,183	204,160	242,187	236,357	227,227
Investment Earnings ⁽⁵⁾⁽⁷⁾	124,001	500,786	424,110	21,511	(259,747)
Interest Expense ⁽³⁾	(790,753)	(753,794)	(777,511)	(758,339)	(1,072,567)
Other Nonoperating Revenues ⁽⁶⁾	59,653	910,351	40,917	42,826	323,458
Other Nonoperating Expenses ⁽¹⁾	-	-	-	-	-
Total Nonoperating Revenues (Expenses), Net	508,756	1,874,079	967,038	639,944	339,621
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	6,997,563	8,434,814	8,118,138	(1,894,364)	(2,356,193)
CAPITAL CONTRIBUTIONS	45,853	1,985,903	2,894	8,708	8,708
CHANGES IN NET POSITION	<u>\$ 7,043,416</u>	<u>\$ 10,420,717</u>	<u>\$ 8,121,032</u>	<u>\$ (1,885,656)</u>	<u>\$ (2,347,485)</u>
NET POSITION BY COMPONENT					
Net Investment in Capital Assets	\$ 60,300,968	\$ 56,355,138	\$ 55,486,027	\$ 56,108,404	\$ 30,402,906
Restricted:					
Debt Service ⁽⁹⁾	1,602,958	2,012,004	2,270,150	2,270,150	-
Capital Projects	45,853	64,514	2,895	2,895	26,797,887
Total Restricted	1,648,811	2,076,518	2,273,045	2,273,045	26,797,887
Unrestricted ⁽⁴⁾	1,008,665	6,121,392	4,980,208	2,472,175	1,462,646
Total Net Position	<u>\$ 62,958,444</u>	<u>\$ 64,553,048</u>	<u>\$ 62,739,280</u>	<u>\$ 60,853,624</u>	<u>\$ 58,663,439</u>

- (1) Refund to Golden Rain Foundation the Sinking fund balance in connection with the agreement that ETWD to provide Disinfected Tertiary Recycled Water for irrigation within the Laguna Woods Village Golf Course.
- (2) In FY 13/14 the District created a separate line item for cell tower rental income. In the prior years this revenue was included with other nonoperating revenues.
- (3) Starting with FY 16/17 expenses included the Baker Water Treatment Plant loan interests with Texas Capital.
- (4) The decrease/increase in Unrestricted due to the implementation of GASB Statement No. 75 in recording OPEB liability.
- (5) Investment Earnings increase was resulted from higher interests rate earned on short-term LAIF and CAMP investments.
- (6) The increase was attributed to a refund from South Orange County Waste Water Authority (SOCWA).

**EL TORO WATER DISTRICT
OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

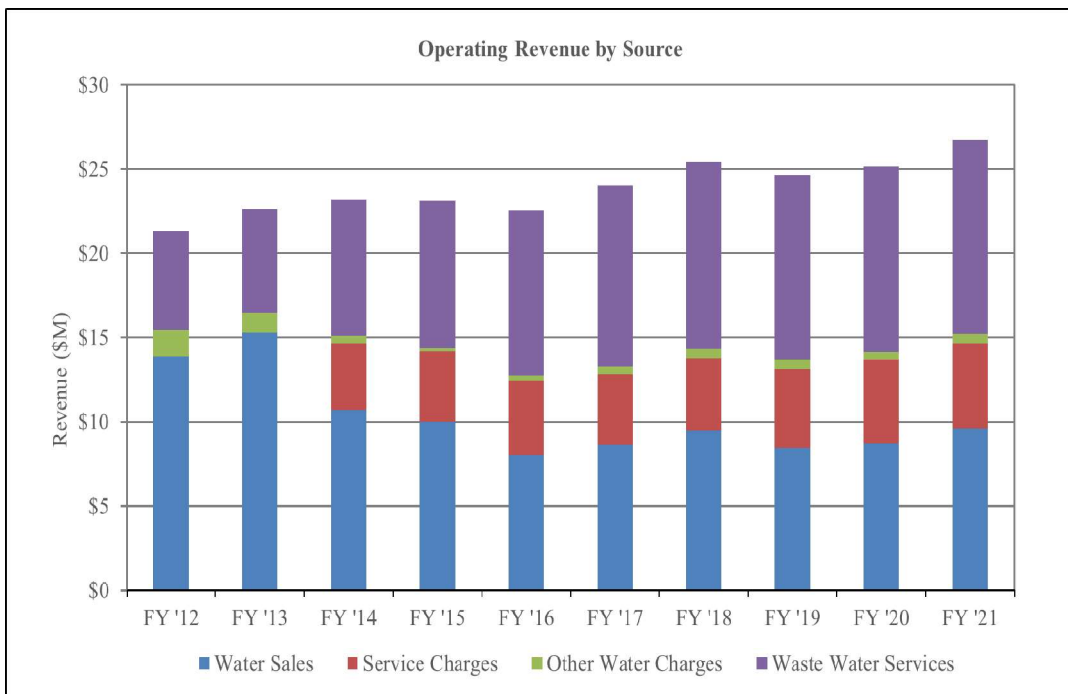
Fiscal Year	Water Sales	Service Charges	Other Water Charges	Waste Water Services	Total Operating Revenue
2013	\$ 15,293,372	\$ -	\$ 1,169,883	\$ 6,129,321	\$ 22,592,576
2014	10,687,396	3,979,752 (1)	443,673 (2)	8,077,870	23,188,691
2015	9,998,985	4,183,699	216,108	8,725,408	23,124,200
2016	8,069,726	4,381,402	294,329	9,771,324	22,516,781
2017	8,635,462	4,177,505	459,926	10,759,981	24,032,874
2018	9,459,453	4,325,454	574,644	11,085,710	25,445,261
2019	8,474,791	4,623,068	610,360	10,955,238	24,663,457
2020	8,705,986	4,977,611	469,391	11,044,342	25,197,330
2021	9,571,562	5,070,326	571,434	11,496,657	26,709,979
2022	9,212,404	5,430,565	559,954	12,180,223	27,383,146

Other Water Charges - by Category

Fiscal Year	Standby Charge	Reimbursement	Other	Total Other Water Charges
2013	\$ 984,847	\$ 117,364	\$ 67,672	\$ 1,169,883
2014	10,623	124,353	308,697	443,673
2015	4,818 (2)	116,957	94,333	216,108
2016	3,292	233,000	58,037	294,329
2017	1,525	331,179	127,222	459,926
2018	418	403,445	170,781	574,644
2019	247	383,810	226,303	610,360
2020	63	328,310	141,018	469,391
2021	-	401,225	170,209	571,434
2022	-	446,564	113,390	559,954

(1) Starting in 2014, Service Charge Revenues was separated from Water Sales Revenues.

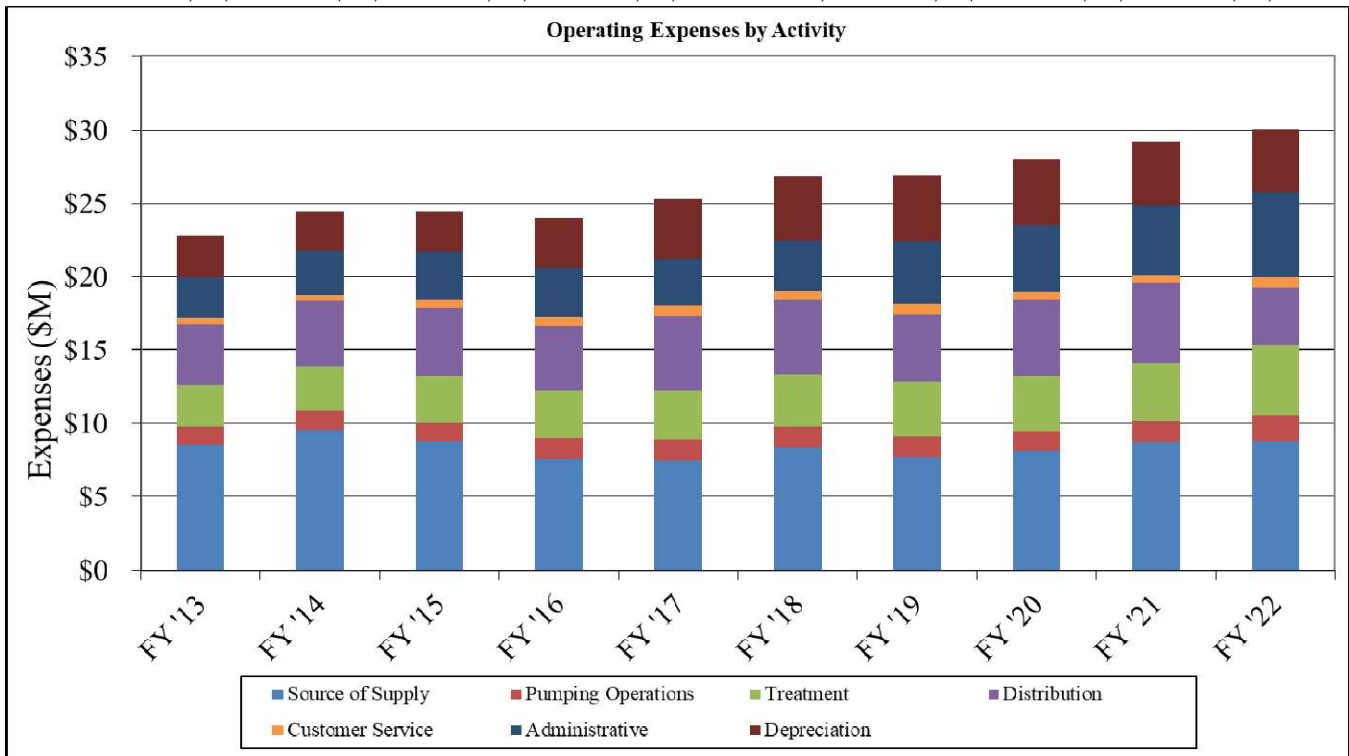
(2) The Standby Charge was for the Water Recycling Project, and collections of this fee were not needed after FY 12/13.



Source: 2011 to 2020 Audited Financial Statements.

**EL TORO WATER DISTRICT
OPERATING EXPENSES BY ACTIVITY
LAST TEN FISCAL YEARS**

Fiscal Year	Source of Supply	Pumping Operations	Water Treatment	Water Distribution	Customer Service	General and Administrative	Depreciation	Total Operating Expenses
2013	\$ 8,554,214	\$ 1,232,213	\$ 2,831,190	\$ 4,160,251	\$ 438,053	\$ 2,753,292	\$ 2,816,753	\$ 22,785,966
2014	9,584,718	1,293,752	2,953,328	4,492,432	465,163	2,913,731	2,781,397	24,484,521
2015	8,771,110	1,295,650	3,126,545	4,673,922	516,361	3,255,140	2,831,181	24,469,909
2016	7,555,626	1,466,757	3,243,194	4,388,871	592,405	3,365,722	3,378,409	23,990,984
2017	7,435,534	1,460,096	3,380,526	5,037,124	694,479	3,211,224	4,068,743	25,287,726
2018	8,294,019	1,491,273	3,567,648	5,035,094	686,217	3,434,736	4,350,053	26,859,040
2019	7,650,468	1,480,556	3,744,102	4,561,123	720,714	4,305,441	4,466,431	26,928,835
2020	8,085,299	1,371,076	3,751,703	5,147,914	602,925	4,538,506	4,483,607	27,981,030
2021	8,763,806	1,417,215	3,942,249	5,467,552	533,039	4,774,869	4,345,557	29,244,287
2022	8,811,309	1,702,369	4,908,628	3,886,856	662,834	5,819,185	4,287,779	30,078,960

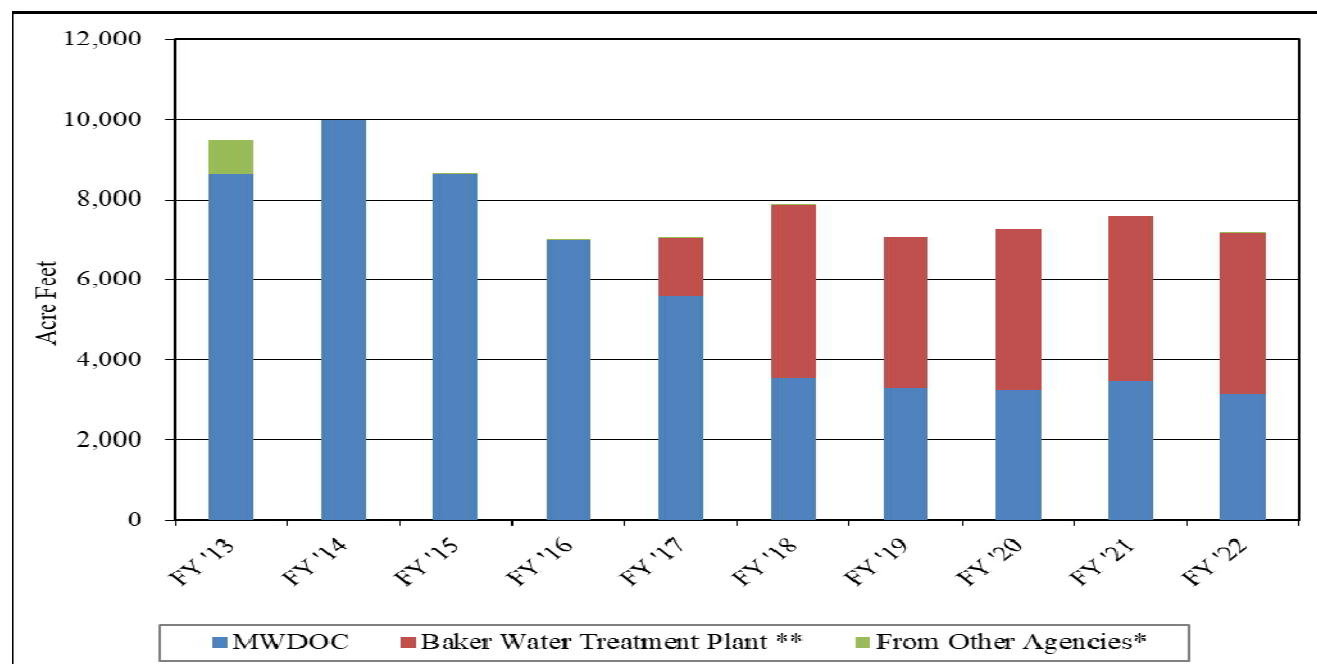


Source: 2011 to 2020 Audited Financial Statements.

**EL TORO WATER DISTRICT
SOURCE OF WATER FOR SALES
LAST TEN FISCAL YEARS**

Source of Water for Sales (AF)

Fiscal Year	MWDOC	From The Baker WTP **	From Other Agencies*	Total Production
2013	8,640	-	861	9,501
2014	9,986	-	-	9,986
2015	8,631	-	19	8,650
2016	6,967	-	8	6,976
2017	5,616	1,417	1	7,034
2018	3,559	4,312	3	7,874
2019	3,297	3,754	-	7,051
2020	3,245	4,032	-	7,277
2021	3,460	4,121	-	7,581
2022	3,171	4,004	1	7,176



Note: See Schedule 2 "Operating Revenue by Source" for information regarding water revenues.

* The District has inter-connections with Moulton Niguel Water District, Irvine Ranch Water District, and Santa Margarita Water District. Water is purchased from one of the three agencies in the case of repairs or upgrades to the District's infrastructure, which would necessitate a temporary alternate source of water.

** The Baker Water Treatment Plant (WTP) is a joint regional project by five South Orange County water districts, located in the City of Lake Forest, provides 28.1 million gallons per day (mgd) of drinking water. The District has the capacity right of 3.2 mgd.

**EL TORO WATER DISTRICT
WATER OPERATION RATES AND CHARGES
LAST TEN FISCAL YEARS**

Water Rates ⁽¹⁾					
Fiscal Year	Rate per CCF ⁽²⁾				Rate per AF
	Tier 1	Tier 2	Tier 3	Tier 4	Commercial/ Industrial
2013	\$ 2.07	\$ 2.47	\$ 4.79	\$ 6.35	\$ 2.30
2014	2.19	2.59	4.91	6.47	2.42
2015	2.34	2.68	5.04	7.04	2.63
2016	2.46	2.83	5.61	7.18	2.79
2017	2.46	2.83	5.61	7.18	2.79
2018	2.52	2.91	6.08	7.82	2.89
2019	2.52	2.91	6.08	7.82	2.89
2020	2.58	2.97	6.14	7.88	2.95
2021	2.65	3.04	6.21	7.95	3.02
2022	2.72	3.11	6.78	8.52	3.14

Monthly Water Service Charge					
Fiscal Year	5/8" Meter	3/4" Meter	1" Meter	1 1/2" Meter	2" Meter
2013	\$ 8.56	\$ 11.42	\$ 17.12	\$ 31.38	\$ 59.93
2014	9.31	12.42	18.61	34.12	65.15
2015	9.98	13.31	19.95	36.56	69.81
2016	9.98	13.31	19.95	36.56	69.81
2017	10.93	14.58	21.86	40.06	76.48
2018	11.80	15.82	23.85	43.92	84.07
2019	12.96	17.37	26.20	48.25	92.36
2020	14.14	18.99	28.70	52.98	101.52
2021	15.17	20.33	30.66	56.48	108.11
2022	16.56	22.24	33.60	62.00	118.80

Monthly Water Capital Replacement and Refurbishment (CR&R) Charge					
Fiscal Year	5/8" Meter	3/4" Meter	1" Meter	1 1/2" Meter	2" Meter
2013	\$ 4.66	\$ 4.66	\$ 7.78	\$ 18.91	\$ 47.47
2014	4.66	4.66	7.78	18.91	47.47
2015	4.66	4.66	7.78	18.91	47.47
2016	4.66	4.66	7.78	18.91	47.47
2017	4.66	4.66	7.78	18.91	47.47
2018	4.66	4.66	7.78	18.91	47.47
2019	4.66	4.66	7.78	18.91	47.47
2020	4.66	4.66	7.78	18.91	47.47
2021	4.66	4.66	7.78	18.91	47.47
2022	4.66	4.66	7.78	18.91	47.47

Notes:

(1) The District is required to follow the rules of Proposition 218 when raising or adjusting its rates.

For more information, go to http://www.lao.ca.gov/1996/120196_prop_218/understanding_prop218_1296.html

(2) CCF = 100 Cubic Feet = 748 gallons

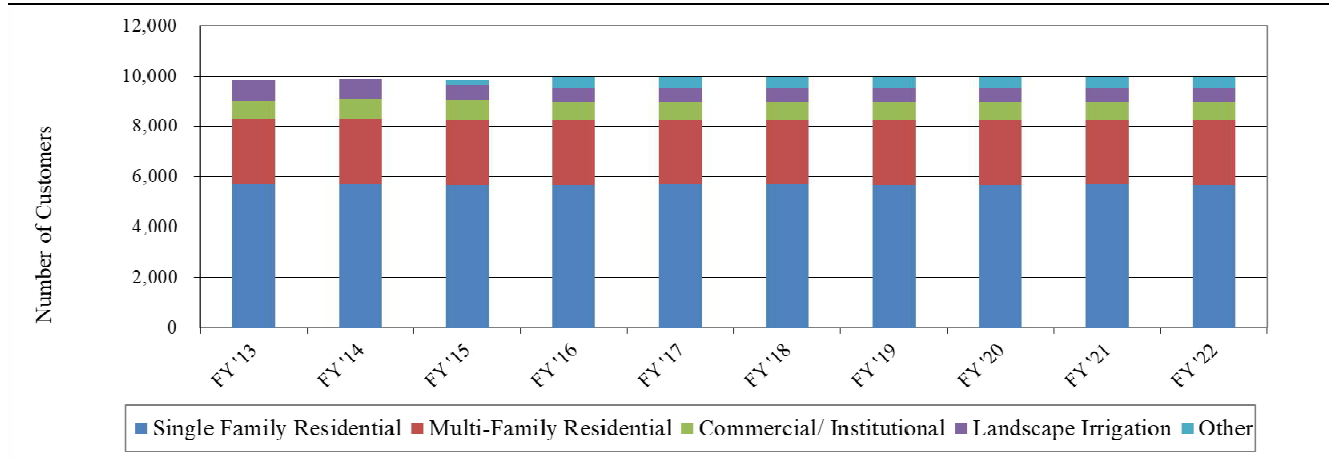
For more information on the District's rate structure, visit <http://etwd.com/governance/rate-structure/>

EL TORO WATER DISTRICT SEWER OPERATION RATES AND CHARGES LAST TEN FISCAL YEARS

Sewer Rates by Customer Class										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Residential Rates (monthly charge per EDU):										
Residential Unrestricted	\$ 17.77	\$ 18.99	\$ 20.50	\$ 22.02	\$ 23.11	\$ 23.63	\$ 24.30	\$ 24.30	\$ 24.30	\$ 25.76
Multi-Family Restricted	14.09	15.06	16.26	17.46	18.33	18.74	19.28	19.28	19.28	20.44
Multi-Family Unrestricted	16.75	17.90	19.33	20.76	21.79	22.28	22.92	22.92	22.92	24.30
Commercial Rates (per ccf of water used):										
Animal Kennel / Hospital	\$ 2.91	\$ 3.11	\$ 3.36	\$ 3.61	\$ 3.79	\$ 3.88	\$ 3.99	\$ 3.99	\$ 3.99	\$ 4.23
Car Wash	2.89	3.09	3.34	3.59	3.77	3.86	3.97	3.97	3.97	4.21
Department / Retail Store	2.91	3.11	3.36	3.61	3.79	3.88	3.99	3.99	3.99	4.23
Dry Cleaners	2.54	2.72	2.94	3.16	3.32	3.40	3.50	3.50	3.50	3.71
Golf Course / Camp / Park	2.53	2.71	2.93	3.15	3.31	3.39	3.49	3.49	3.49	3.70
Health Spa	2.90	3.10	3.35	3.60	3.78	3.87	3.98	3.98	3.98	4.22
Hospital / Convalescent Home	2.54	2.72	2.94	3.16	3.32	3.40	3.50	3.50	3.50	3.71
Hotel	4.40	4.71	5.09	5.47	5.74	5.87	6.04	6.04	6.04	6.41
Market	5.77	6.17	6.67	7.17	7.53	7.70	7.92	7.92	7.92	8.40
Mortuary	5.75	6.15	6.64	7.14	7.50	7.67	7.89	7.89	7.89	8.37
Nursery / Greenhouse	2.58	2.76	2.98	3.20	3.36	3.44	3.54	3.54	3.54	3.76
Professional / Financial Office	2.91	3.11	3.36	3.61	3.79	3.88	3.99	3.99	3.99	4.23
Public Institution	2.85	3.05	3.30	3.55	3.73	3.82	3.93	3.93	3.93	4.17
Repair / Service Station	2.90	3.10	3.35	3.60	3.78	3.87	3.98	3.98	3.98	4.23
Restaurant	2.74	2.93	3.17	3.41	3.58	3.66	3.77	3.77	3.77	4.00
Schools	3.00	3.21	3.47	3.73	3.92	4.01	4.13	4.13	4.13	4.38
Theater	2.91	3.11	3.36	3.61	3.79	3.88	3.99	3.99	3.99	4.23
Warehouse / Storage	2.29	2.45	2.65	2.85	3.00	3.07	3.16	3.16	3.16	3.35
Basic Commercial	2.54	2.72	2.94	3.16	3.32	3.40	3.50	3.50	3.50	3.71
Monthly Sewer Capital Replacement and Refurbishment (CR&R) Charge										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Residential Charge (Per EDU):										
Single Family	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93
Multi-Family Restricted	3.95	3.95	3.95	3.95	3.91	3.91	3.91	3.91	3.91	3.91
Multi-Family Unrestricted	4.69	4.69	4.69	4.69	4.65	4.65	4.65	4.65	4.65	4.65
Commercial (per Meter):										
5/8" Meter	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34
3/4" Meter	7.34	7.34	7.34	7.34	7.34	7.34	7.34	7.34	7.34	7.34
1" Meter	13.55	13.55	13.55	13.55	13.55	13.55	13.55	13.55	13.55	13.55
1 ½" Meter	24.07	24.07	24.07	24.07	24.07	24.07	24.07	24.07	24.07	24.07
2" Meter	70.96	70.96	70.96	70.96	70.96	70.96	70.96	70.96	70.96	70.96
Public Authority (per Meter):										
1" Meter	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93	\$ 4.93
1 ½" Meter	24.65	24.65	24.65	24.65	24.65	24.65	24.65	24.65	24.65	24.65
2" Meter	39.71	39.71	39.71	39.71	39.71	39.71	39.71	39.71	39.71	39.71

**EL TORO WATER DISTRICT
WATER CUSTOMERS BY TYPE *
LAST TEN FISCAL YEARS**

Number of Customers by Type						
As of June 30	Single Family Residential	Multi-Family Residential	Commercial/ Institutional	Landscape Irrigation	Other	Total
2013	5,683	2,610	735	775	-	9,803
2014	5,683	2,610	774	813	-	9,880
2015	5,662	2,610	785	583	187	9,827
2016	5,667	2,612	709	526	439	9,953
2017	5,668	2,616	694	559	406 (1)	9,943
2018	5,668	2,618	700	555	407	9,948
2019	5,665	2,614	706	556	408	9,949
2020	5,667	2,615	707	554	434	9,977
2021	5,670	2,617	707	511	478	9,983
2022	5,666	2,614	705	510	482	9,977



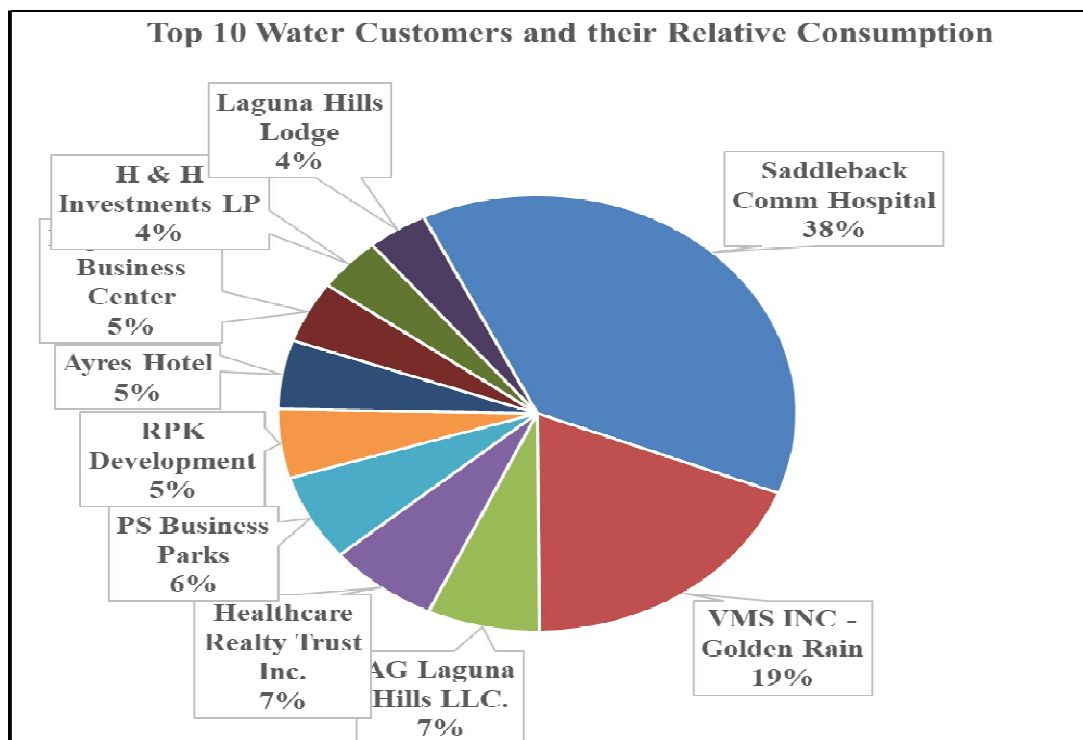
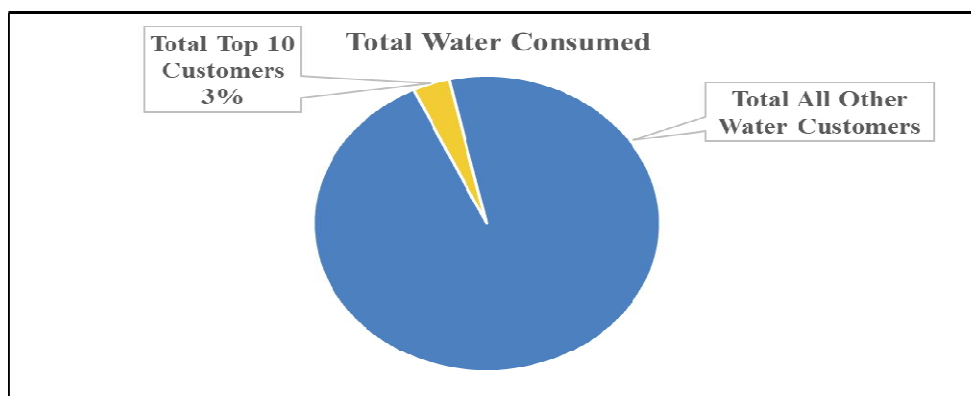
(1) The District did not track "Other" connections in total prior to FY 14/15.

* The District is completely built out and has had 8,950 sewer connections for the past 10 years.

EL TORO WATER DISTRICT TOP TEN WATER CUSTOMERS LAST TEN FISCAL YEARS

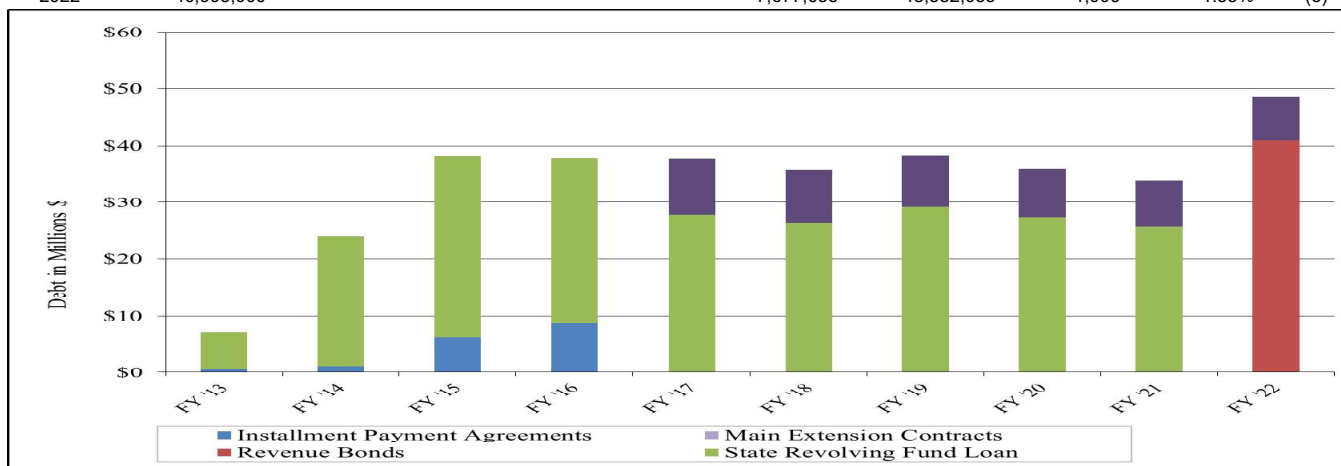
Customer	FY '13		Customer	FY '22	
	Annual Usage (HCF)	Percent of Total		Annual Usage (HCF)	Percent of Total
Saddleback Comm Hospital	54,093	1.35%	Saddleback Comm Hospital	46,352	1.32%
VMS INC - Golden Rain	11,057	0.28%	VMS INC - Golden Rain	22,919	0.65%
Country Villa Laguna Hills	10,724	0.27%	AG Laguna Hills LLC.	8,523	0.24%
PS Business Parks	9,548	0.24%	Healthcare Realty Trust Inc.	8,359	0.24%
Laguna Hills Business Center	6,493	0.16%	PS Business Parks	7,800	0.22%
RPK Development	6,127	0.15%	RPK Development	6,212	0.18%
Simon Properties #4665	6,010	0.15%	Ayres Hotel	6,190	0.18%
Westridge Commercial	6,006	0.15%	Laguna Hills Business Center	5,557	0.16%
Ayres Hotel	5,807	0.14%	H & H Investments LP	4,884	0.14%
Aura Associates	5,286	0.13%	Laguna Hills Lodge	4,561	0.13%
Total Top 10 Customers	121,151	3.02%	Total Top 10 Customers	121,357	3.46%
Total All Other Water Customers	3,894,280	96.98%	Total All Other Water Customers	3,386,613	96.54%
Total Water Consumed	4,015,431	100.00%	Total Water Consumed	3,507,970	100.00%

HCF = 100 cubic feet



EL TORO WATER DISTRICT OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Certificates of Participation	Installment Payment Agreements	State Revolving Fund Loan	Main Extension Contracts	Private Placement	Total Debt	Total Debt per Capita	Total Debt as % of Personal Income
2013	-	621,878	6,505,874	6,180	-	7,133,932	147	0.27%
2014	-	1,123,184 (1)	22,823,592 (2)	6,180	-	23,952,956	494	0.86%
2015	-	6,215,863 (1)	31,873,740 (2)	6,180	-	38,095,783	784	1.28%
2016	-	8,562,088 (1)	29,159,616 (2)	6,180	-	37,727,884	778	1.24%
2017	-	-	27,827,408	6,180	9,715,035	37,548,623	766	1.17%
2018	-	-	26,470,867	6,180	9,331,939 (1)	35,808,986	736	1.06%
2019	-	-	29,175,315	6,180	8,936,967	38,118,462	791	1.10%
2020	-	-	27,415,579	6,180	8,529,750	35,951,509	750	1.01%
2021	-	-	25,637,656	6,180	8,109,910	33,753,746	701	0.94% (3)
2022	40,905,000	-	-	-	7,677,055	48,582,055	1,006	1.35% (3)



Notes:

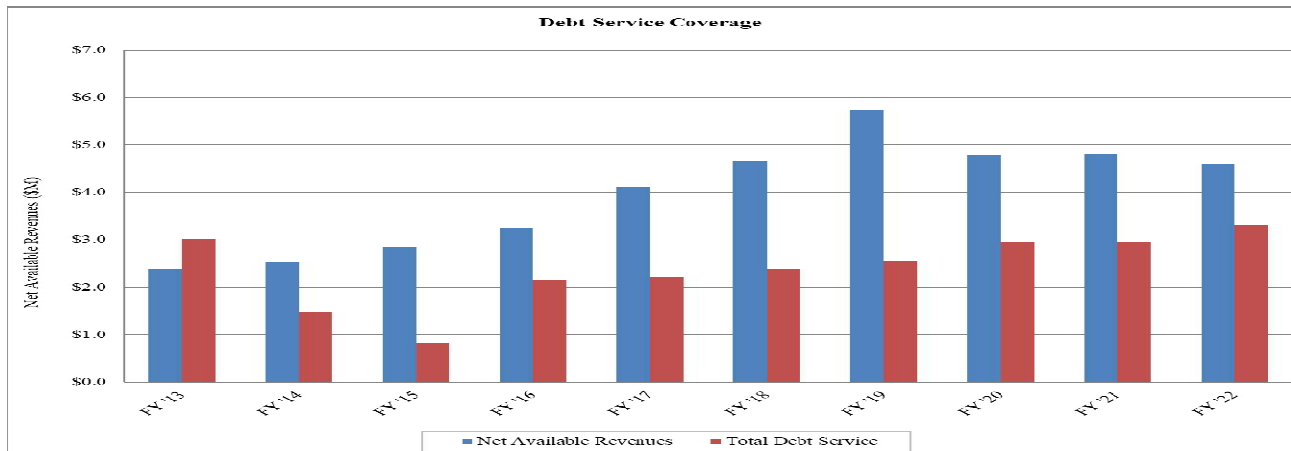
(1) In Dec 2013 the District entered into an agreement for the Baker Water Treatment Plant with five other entities. Additions in 2013 and 2014 were \$1,123,184 and \$5,092,679 respectively. This project was completed and refinanced in December 2016 with Texas Capital Bank for a lower interest rate.

(2) In 2013 the District entered into a loan agreement with the State Water Resources Control Board for the Recycled Water Treatment Plan Project. Additions in 2013 and 2014 were \$16,995,763 and \$9,741,814 respectively. Interest rate on the loan is 1.7% per annum.

(3) Personal Income data is not available for 2021 & 2022. The Bureau of Economic Analysis typically releases this information in late November of the following year.

EL TORO WATER DISTRICT DEBT SERVICE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Net Revenue			Debt Service			Coverage Coverage Ratio
	Total Revenues	Operating Expenses ⁽¹⁾	Net Available Revenues	Principal	Interest	Total Debt Service	
2013	\$ 23,934,861	\$ 21,540,832	\$ 2,394,029	\$ 2,673,722	\$ 359,134	\$ 3,032,856	0.79
2014	24,236,986	21,703,124	2,533,862	1,299,923	179,490	1,479,413	1.71
2015	24,481,578	21,638,728	2,842,850	691,667	137,746	829,413	3.43
2016	23,868,895	20,612,575	3,256,320	1,697,913	459,070	2,156,983	1.51
2017	25,331,161	21,218,983	4,112,178	1,532,173	691,970	2,224,143	1.85
2018	26,744,770	22,068,431	4,676,339	1,739,638	655,145	2,394,783	1.95
2019	27,291,330	21,549,152	5,742,178	1,776,305	769,061	2,545,366	2.26
2020	26,941,879	22,155,520	4,786,359	2,166,953	787,460	2,954,413	1.62
2021	28,108,262	23,283,264	4,824,998	2,197,763	756,649	2,954,412	1.63
2022	28,795,334	24,195,620	4,599,714	2,242,878	1,072,567	3,315,445	1.39

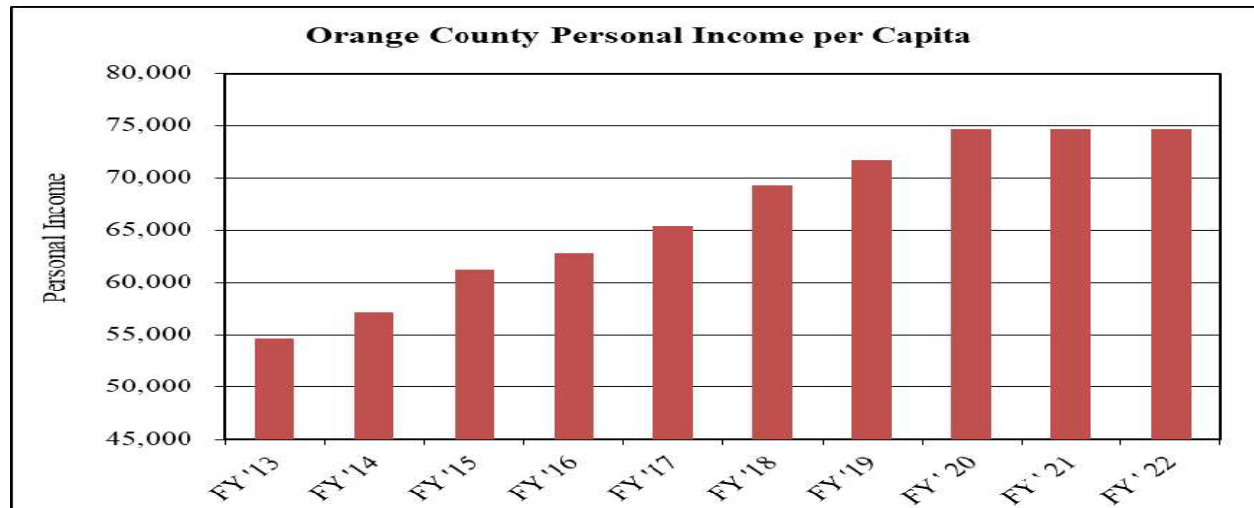
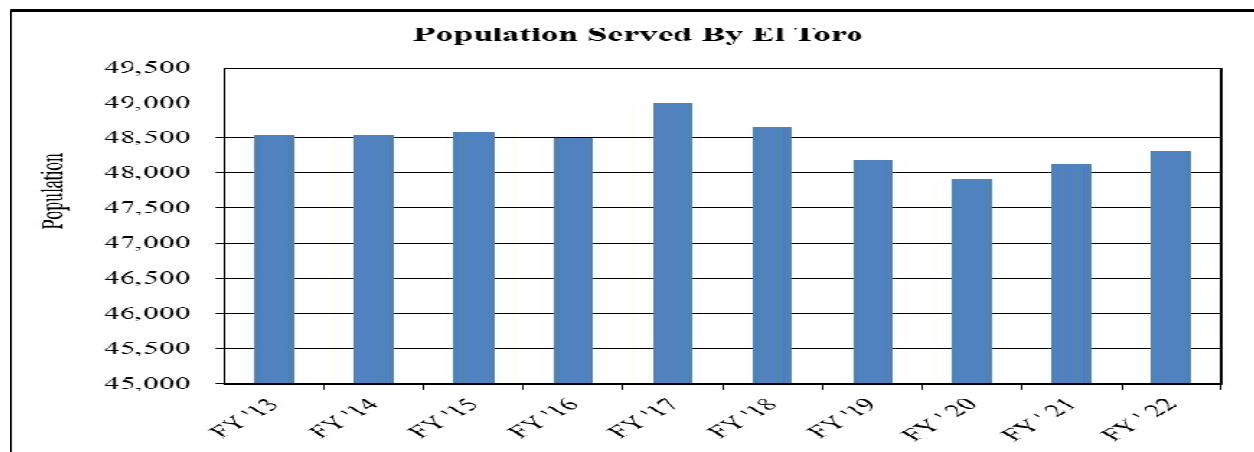


Notes:

(1) Operating expenses less depreciation, amortization, and OPEB Accounting Charges.

**EL TORO WATER DISTRICT
DEMOGRAPHICS AND ECONOMIC STATISTICS – COUNTY OF ORANGE
LAST TEN FISCAL YEARS**

Calendar Year	Population Served by El Toro ¹	Orange County		
		Personal Income ² (thousands \$)	Personal Income per Capita	Unemployment Rate at 6/30
2013	48,541	\$ 169,986,956	\$ 54,594	6.9%
2014	48,529	179,141,029	57,110	5.5%
2015	48,579	193,358,936	61,178	4.5%
2016	48,498	199,441,555	62,763	4.3%
2017	49,003	208,653,019	65,400	3.8%
2018	48,657	220,684,684	69,268	3.3%
2019	48,174	227,732,561	71,711	3.0%
2020	47,911	227,732,561	71,711	13.6%
2021 ⁽³⁾	48,135	227,732,561	71,711	6.4%
2022 ⁽³⁾	48,303	236,303,451	74,618	2.9%



Source: State of California, Employment Development Department, <http://www.edd.ca.gov>

Source: Municipal Water District of Orange County (MWD OC)

N/A - Data not available for time period

1 The district population data is estimated by the Center for Demographic Research (CDR) at California State University Fullerton.

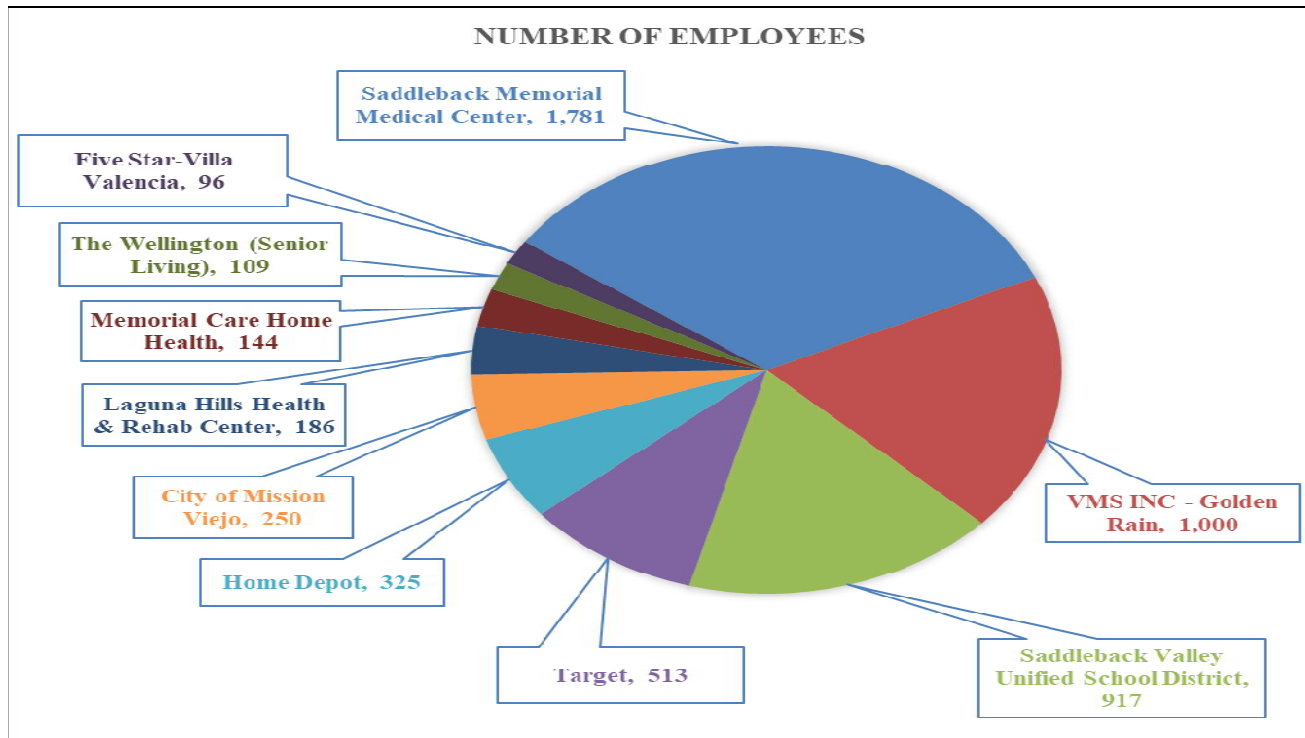
2 Data from the Bureau of Economic Analysis, <http://www.bea.gov>

3 The income data for 2020 and 2021 was not available at the time this report was published

**EL TORO WATER DISTRICT
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR**

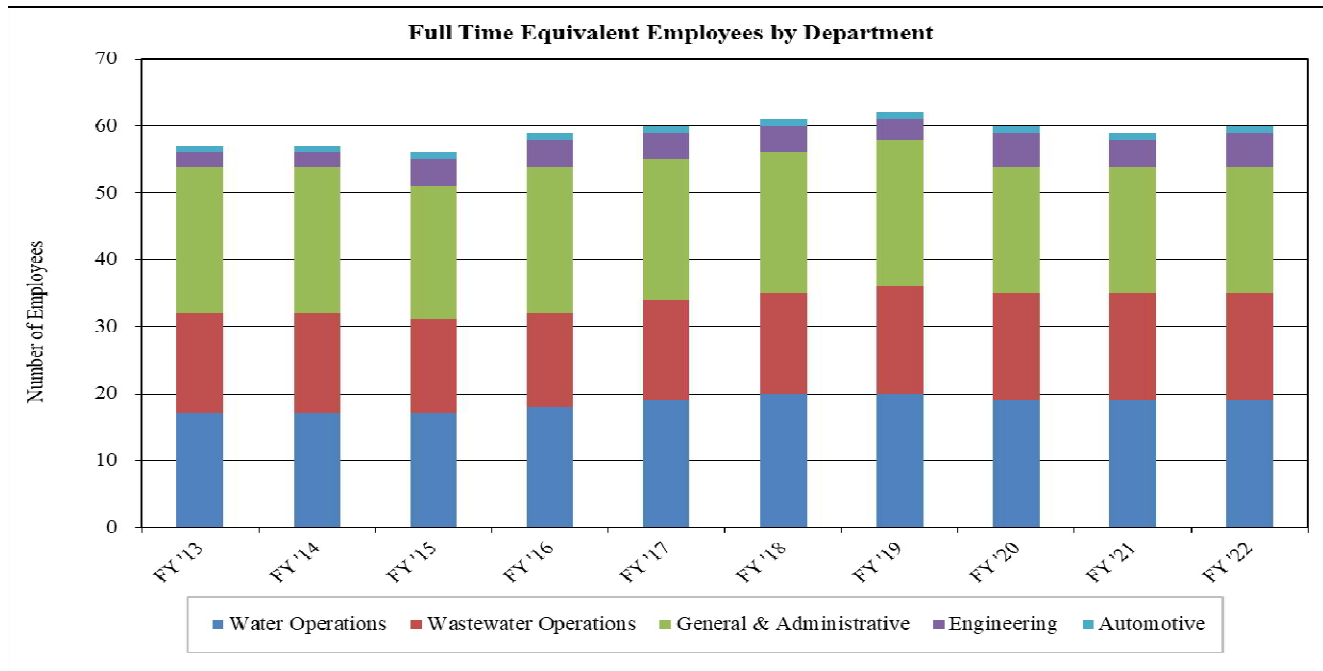
Employer	Number of Employees at 6/30/2022	Percent of Total
Saddleback Memorial Medical Center	1,781	33.47 %
VMS INC - Golden Rain	1,000	18.79
Saddleback Valley Unified School District	917	17.23
Target	513	9.64
Home Depot	325	6.11
City of Mission Viejo	250	4.70
Laguna Hills Health & Rehab Center	186	3.50
Memorial Care Home Health	144	2.71
The Wellington (Senior Living)	109	2.05
Five Star-Villa Valencia	96	1.80
Total Principal Employers	5,321	100.00 %

Service Area: Covers about 5,430 acres including all of the city of Laguna Woods (36%), and portions of the cities of Laguna Hills (21%), Mission Viejo (12%), Lake Forest (27%) and Aliso Viejo (4%). The district used data from the fiscal year end 2021 CAFRs for the service area cities listed. Nine years prior information comparison is not available since the district started filing for the CAFR from fiscal year end 2016.



**EL TORO WATER DISTRICT
FULL TIME EQUIVALENT EMPLOYEES BY DEPARTMENT
LAST TEN FISCAL YEARS**

Fiscal Year	Water Operations	Wastewater Operations	General and Administrative	Engineering	Automotive	Total
2013	17	15	22	2	1	57
2014	17	15	22	2	1	57
2015	17	14	20	4	1	56
2016	18	14	22	4	1	59
2017	19	15	21	4	1	60
2018	20	15	21	4	1	61
2019	20	16	22	3	1	62
2020	19	16	19	5	1	60
2021	19	16	19	4	1	59
2022	19	16	19	5	1	60



**EL TORO WATER DISTRICT
OPERATING AND CAPACITY INDICATORS
LAST TEN FISCAL YEARS**

Water System				
Fiscal Year	Miles of Water Mains	Service Connections	Annual Potable Import (MG)	Average Daily Potable Import (MGD)
2013	170	9,803	3,138	8.60
2014	170	9,880	3,254	8.91
2015	170	9,828	2,819	7.72
2016	170	9,953	2,273	6.23
2017	170	9,943	2,292	6.28
2018	170	9,948	2,566	7.03
2019	170	9,949	2,298	6.29
2020	170	9,977	2,371	6.50
2021	170	9,983	2,470	6.77
2022	170	9,977	2,338	6.41

Sewer System				
Fiscal Year	Miles of Sewers Lines	Service Connections	Annual Sewerage (MG)	Daily Sewerage (MGD)
2013	114	9,803	1,396	3.82
2014	114	9,880	1,262	3.46
2015	114	9,828	1,242	3.40
2016	114	9,953	1,096	3.00
2017	114	9,943	1,146	3.14
2018	114	9,948	1,105	3.03
2019	114	9,949	1,122	3.07
2020	114	9,977	1,140	3.12
2021	114	9,983	1,057	2.90
2022	114	9,977	1,169	3.20

Recycled Water				
Fiscal Year	Miles of Recycled Pipe	Service Connections	Annual Production (MG)	Daily Production (MGD)
2013	19	1	190.26	0.52
2014	19	1	142.58	0.39
2015	19	70 (1)	159.56	0.44
2016	19	138 (1)	337.87	0.93
2017	19	210 (1)	462.49	1.27
2018	26 (2)	210	502.12	1.38
2019	26	210	418.89	1.15
2020	26	229	447.32	1.23
2021	26	275	583.58	1.60
2022	26	276	574.81	1.57

Notes:

MG - Millions of Gallons

MGD - Millions of Gallons per Day

(1) The increase in Recycled Connections was a result of Recycled Water Project to transition irrigation customers to recycled water.

(2) The increase in Miles of Recycled Pipe was due to the completion of The Phase II Recycled Water Distribution System Expansion Project.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

Attachment 2
Additional Communications Letter



Board of Directors
El Toro Water District
Lake Forest, California

We have audited the financial statements of El Toro Water District (the District), as of and for the year ended June 30, 2022, and have issued our report thereon dated February 15, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our statement of work dated July 21, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

As described in Notes 1S and 8, the entity changed accounting policies related to leases by adopting Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* in fiscal year 2021-2022.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The actuarially determined contributions, other postemployment benefit (OPEB) expense, total OPEB liability, and corresponding deferred outflows of resources and deferred inflows of resources for the District's defined benefit OPEB plan are based upon an actuarial valuation performed by an independent third party. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of the District's OPEB plan in Note 7 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include an emphasis of matter related to the District's adoption of GASB 87.

Management representations

We have requested certain representations from management that are included in the management representation letter dated February 15, 2023.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other audit findings or issues

We have provided a separate communication to you dated February 15, 2023, communicating internal control related matters identified during the audit.

Supplementary information in relation to the financial statements as a whole

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of revenue by category and schedule of expenses by category (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated February 15, 2023.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory and statistical sections. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Irvine, California
February 15, 2023

Attachment 3
Government Auditing Standards Communication



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
El Toro Water District
Lake Forest, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of El Toro Water District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
February 15, 2023



STAFF REPORT

To: Board of Directors

Meeting Date: February 21, 2023

From: Jason Hayden, Chief Financial Officer

Subject: January Financial Report and Bills for Approval

Attached for approval is the cash report for the month of January, 2023 which illustrates the expenses for January that exceeded \$50,000. Also attached is the monthly financial report for January, 2023.

Presented below for your consideration are some notes about the financial report for January:

- The Statement of Net Position for January, 2023 shows a slight increase in Net Position as the Net Investment in Capital Assets has increased and the Net Position Restricted for Debt Service has decreased. This is a result of the District utilizing the 2022 Bond Proceeds for the R-6 Project and recognizing the construction expenses as Construction in Progress. The Unrestricted Net Position declined through the end of January as the District incurred significant cash outflows for debt service costs in December and January (the 2022 Bonds interest and the Baker WTP interest were paid).
- The Statement of Revenues, Expenses, and Changes in Net Position indicates the District currently has a positive Change in Net Position of \$48,056 through the end of January. The District has received 58.6% of revenues and incurred 55.1% of expenses by the end of January (with January being the 7th month of the year, revenues and expenses should be around 58% of budget if the budget is an accurate forecast).
- The Cash and Investments report shows a total of \$17,890,618 in Operating Cash (LAIF, CAMP, and Checking accounts) at the end of January, a slight increase from the end of December. These funds represent the cash available to the District for operational needs and equal the total cash reserves of the District. The 2022 Bond Project account had a balance of \$23,387,158 as the District began to draw upon these funds to reimburse the cost of construction for the R-6 project.
- The Cash Sheet for November includes of sixteen checks greater than \$50,000, with the total equal to \$3,726,876.35. The very large invoice to Layfield USA Corporation was the first payment for construction services related to the R-6 Project. These expenses exceed the General Manager's purchase authority and need approval from the Board of Directors. In addition, \$784,105.99 in payroll expenses occurred in January. District employees were reimbursed for \$1,375.31.

Attachment 1. January, 2023 Financial Report

1. Cash Sheet for the Month ending January 31, 2022
2. Statement of Net Position for the month ended January 31, 2023
3. Statement of Revenues, Expenses, and Changes in Net Position for the Month of January, 2023
4. Summary of Revenues and Expenses for the Month of January, 2023
5. Revenue and Expense Charts for January, 2023
6. Summary of Cash & Investments for the Month ended January 31, 2023
7. Cash Reserve Balances for the Month ended January 31, 2023
8. Capital Project Expense Report through January, 2023
9. Interim Report on 401k Plan Holdings

EL TORO WATER DISTRICT
Cash Sheet
For the month ending January 31, 2023

CHECK NUMBER	PAYMENT DATE	VENDOR NAME	PAYMENT AMOUNT
562	01/05/2023	Layfield USA Corp	1,553,136.00
623	01/24/2023	Irvine Ranch Water District	419,980.41
564	01/05/2023	Municipal Water District of Orange County	355,594.87
535	01/05/2023	Carollo Engineers, Inc	170,034.53
592	01/12/2023	Resource Environmental, Inc.	151,667.50
676	01/26/2023	Empire Design & Build	139,607.00
658	01/26/2023	ACWA JPIA	129,476.54
530	01/05/2023	ACWA JPIA	125,249.47
597	01/12/2023	Sunflower Bank	118,994.35
593	01/12/2023	Richard Brady & Associates, Inc	117,913.41
646	01/24/2023	Southern California Edison Company	111,163.52
542	01/05/2023	Empire Design & Build	96,813.08
555	01/05/2023	Hazen and Sawyer, DPC	70,170.31
586	01/12/2023	J.R. Filanc Construction Company Inc	63,365.00
584	01/12/2023	Hilts Consulting Group, Inc	52,478.35
703	01/26/2023	Southern Contracting Company	51,232.01
TOTAL CHECKS OVER \$50,000			\$ 3,726,876.35
TOTAL CHECKS IN REGISTER			\$ 4,419,710.74

DEBIT TRANSFERS

01/13/2023	PAYROLL DIRECT DEPOSIT	262,726.73
01/13/2023	FEDERAL DEPOSIT LIABILITY	59,236.47
01/13/2023	SDI & STATE TAX	20,674.91
01/13/2023	WAGE GARNISHMENTS	282.50
01/13/2023	PRUDENTIAL (401K)	106,995.18
01/13/2023	PRUDENTIAL (457)	33,974.23
01/13/2023	HEALTH SAVINGS ACCOUNT	9,398.61
01/27/2023	PAYROLL DIRECT DEPOSIT	158,463.03
01/27/2023	FEDERAL DEPOSIT LIABILITY	34,065.47
01/27/2023	SDI & STATE TAX	13,629.14
01/27/2023	WAGE GARNISHMENTS	282.50
01/27/2023	PRUDENTIAL (401K)	61,746.67
01/27/2023	PRUDENTIAL (457)	19,754.36
01/27/2023	HEALTH SAVINGS ACCOUNT	394.61
01/31/2023	BANK FEES	2,481.58
TOTAL INTERBANK WIRES / DEBIT TRANSFERS		\$ 784,105.99

TOTAL DISBURSEMENTS \$ 5,203,816.73

REIMBURSEMENTS TO ETWD EMPLOYEES

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
642	01/24/2023	Shane Fregin (D2 Course, Exam & Fee)	444.99
565	01/05/2023	Natali Ralph (Educational Reimbursement Fall 2022)	423.45
582	01/12/2023	Eric Nguyen (CWEA Membership & Mileage)	266.85
619	01/24/2023	Edward Peterson (CWEA Membership)	110.00
624	01/24/2023	Jeff Webster (Workboots)	75.41
616	01/24/2023	Daniel Lopez (Workboot Toe Protectors)	54.61
TOTAL CHECKS TO EMPLOYEES			\$ 1,375.31

REINBURSEMENTS TO ETWD DIRECTORS

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
689	01/26/2023	Jose Vergara (November & December 2022 Travel Expenses)	147.50
TOTAL CHECKS TO DIRECTORS			\$ 147.50

<div> <div>El Toro Water District</div> <div>Interim Statement of Net Position for the Month of January, 2023</div> </div>				
	6/30/2022 Ending	7/31/2022 Interim	1/31/2023 Interim	Change
Assets				
Current Assets				
Cash & Cash Equivalents	(4,015,635)	10,490,604	9,032,949	(1,457,655)
Investments	21,897,583	21,929,977	24,521,094	2,591,117
Receivables, Net				
Water Sales & Wastewater Service	3,604,539	5,014,980	3,233,352	(1,781,628)
Miscellaneous	130,384	92,159	68,503	(23,656)
Interest	37,939	30,386	8,607	(21,779)
Taxes	15,847	93,332	(8,272)	(101,604)
Lease	223,990	244,766	137,535	(107,231)
Other	27,154	27,685	27,685	-
Materials & Supply Inventory	782,349	782,349	782,349	-
Prepaid Expenses	256,087	256,087	12,840	(243,247)
Restricted - Cash & Cash Equivalents	26,797,887	12,573,857	9,485,998	(3,087,859)
Current Assets - Sub-total	49,758,124	51,536,182	47,302,640	(4,233,542)
Non-Current Assets				
Lease Receivable	432,962	432,962	432,962	-
Land & Easements	7,451,585	7,451,585	7,451,585	-
Capacity Rights	342,382	342,382	342,382	-
Capital Assets				
Water System	36,908,024	36,908,024	36,908,024	-
Wastewater System	56,969,901	56,969,901	56,969,901	-
Recycled System	55,454,389	55,454,389	55,454,389	-
Combined Assets	14,541,459	14,541,459	14,541,459	-
Construction in Progress	4,714,756	4,714,756	9,162,779	4,448,023
Accumulated Depreciation	(88,231,945)	(88,580,615)	(90,616,292)	(2,035,677)
Non-Current Assets - Sub-total	88,583,513	88,234,843	90,647,189	2,412,346
Total Assets	138,341,637	139,771,025	137,949,829	(1,821,196)
Deferred Outflows of Resources				
OPEB Deferred Outflow of Resources	4,564,293	4,564,293	4,564,293	-
Liabilities				
Current Liabilities				
Accounts Payable & Accrued Expenses	3,092,683	3,943,704	3,633,645	(310,059)
Accrued Salaries & Related Payables	111,062	372,543	8,877	(363,666)
Customer Deposits	54,147	54,147	55,547	1,400
Accrued Interest Payable	614,910	805,034	263,681	(541,353)
Long Term Liabilities - Due in One Year		-	-	-
Compensated Absences	197,729	197,729	197,729	-
Loans Payable	1,557,454	1,557,454	1,111,180	(446,274)
Current Liabilities - Sub-total	5,627,985	6,930,611	5,270,659	(1,659,952)
Non-Current Liabilities				
Compensated Absences	1,314,487	1,314,487	1,314,487	-
Other Post-Employment Benefits Liability	20,031,266	20,031,266	20,031,266	-
Loans Payable	55,678,799	55,678,799	55,678,799	-
Non-Current Liabilities - Sub-total	77,024,552	77,024,552	77,024,552	-
Total Liabilities	82,652,537	83,955,163	82,295,211	(1,659,952)
Deferred Inflows of Resources				
Deferred Amounts from Leases	636,695	636,695	636,695	-
Deferred Amounts from OPEB	953,259	953,259	953,259	-
Total Deferred Inflows of Resources	1,589,954	1,589,954	1,589,954	-
Net Position				
Net Investment in Capital Assets	30,402,906	30,054,236	32,912,856	2,858,620
Restricted - Capital Projects	2,895	2,895	2,895	-
Restricted - Debt Service	26,794,992	26,794,992	25,318,360	(1,476,632)
Unrestricted	1,462,646	1,462,646	394,846	(1,067,800)
Total Net Position	58,663,439	58,314,769	58,628,957	314,188

Statement of Revenues, Expenses, and Changes in Net Position for the Month of January, 2023

	District		Water System		Wastewater System		Recycled System		Capital Improvments	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Operating Revenues										
Commodity Supply Charges	\$ 11,306,200	\$ 6,336,102	\$ 9,456,200	\$ 5,314,195	\$ -	\$ -	\$ 1,850,000	\$ 1,021,907	\$ -	\$ -
Service Provision Charges	13,346,700	7,690,331	4,449,000	2,551,058	8,495,200	4,908,929	402,500	230,344	-	-
Capital Facilities Charge	3,262,200	1,875,198	-	-	-	-	-	-	3,262,200	1,875,198
Charges for Services	123,000	3,975	123,000	3,975	-	-	-	-	-	-
Miscellaneous Operating Income	52,800	18,022	31,000	8,960	20,800	9,062	1,000	-	-	-
Grants, Rebates, Reimbursements	356,700	441,695	400	-	-	-	356,300	238,353	-	203,342
Total Operating Revenues	28,447,600	16,365,323	14,059,600	7,878,188	8,516,000	4,917,991	2,609,800	1,490,604	3,262,200	2,078,541
Operating Expenses										
General & Administrative	5,089,130	3,040,032	2,034,840	1,282,484	2,647,490	1,494,854	406,800	262,694	-	-
Operations & Maintenance	19,867,260	10,392,000	12,041,680	6,398,247	6,516,760	3,270,346	1,308,820	723,407	-	-
Operating Capital Expenses	839,300	554,468	-	-	-	-	-	-	839,300	554,468
Other Operating Expenses	320,000	152,414	128,000	60,966	167,000	79,255	25,000	12,193	-	-
Depreciation & Amortization	3,653,600	2,035,677	-	-	-	-	-	-	3,653,600	2,035,677
Total Operating Expenses	29,769,290	16,174,590	14,204,520	7,741,697	9,331,250	4,844,455	1,740,620	998,294	4,492,900	2,590,145
Operating Income/(Loss)	(1,321,690)	190,733	(144,920)	136,491	(815,250)	73,536	869,180	492,310	(1,230,700)	(511,604)
Non-operating Revenues										
Property Taxes	1,120,000	653,331	448,000	261,331	582,400	339,731	89,600	52,269	-	-
Investment Earnings	100,000	397,220	40,000	74,431	52,000	83,862	8,000	12,932	-	225,995
Miscellaneous Revenue	255,000	137,644	243,000	137,541	10,400	102	1,600	1	-	-
Interest Expense	(2,240,000)	(1,330,872)	-	-	-	-	-	-	(2,240,000)	(1,330,872)
Net Non-Operating Revenues	(765,000)	(142,677)	731,000	473,303	644,800	423,695	99,200	65,202	(2,240,000)	(1,104,877)
Income/(Loss) before Contributions & Transfers	(2,086,690)	48,056	586,080	609,794	(170,450)	497,231	968,380	557,512	(3,470,700)	(1,616,480)
Transfers										
Transfers In	1,673,450	1,060,318	-	-	-	-	-	-	1,673,450	1,060,318
Transfers Out	(1,817,700)	(1,060,318)	(848,550)	(494,984)	-	-	(969,150)	(565,334)	-	-
Net Transfers	(144,250)	-	(848,550)	(494,984)	-	-	(969,150)	(565,334)	1,673,450	1,060,318
Capital Contributions										
Donations & Contributions	-	-	-	-	-	-	-	-	-	-
Total Capital Contributions	-	-	-	-	-	-	-	-	-	-
Change in Net Position	(2,230,940)	48,056	(262,470)	114,810	(170,450)	497,231	(770)	(7,822)	(1,797,250)	(556,162)
Beginning Net Position	58,663,439	58,663,439								
Ending Net Position	\$ 56,432,499	\$ 58,711,495								

Summary of Revenues and Expenses for the Month of January, 2023

Account - Description	Month Actual	YTD Actual	2022-2023 Budgeted	Budget Remaining	% of Budget Remaining
Summary of Total District Revenues					
District Totals					
Commodity Supply Charges	501,376	6,336,102	11,306,200	4,970,098	44.0%
Service Charges	1,088,741	7,690,331	13,346,700	5,656,369	42.4%
Capital Facility Charges	267,768	1,875,198	3,262,200	1,387,002	42.5%
Charges for Services	-	3,975	123,000	119,025	96.8%
Miscellaneous Revenue	22,238	155,564	307,800	152,236	49.5%
Grants, Rebates, Reimbursements	31,018	441,695	356,700	(84,995)	-23.8%
Property Taxes	93,333	653,331	1,120,000	466,669	41.7%
Investment Income	117,764	397,220	100,000	(297,220)	-297.2%
Donations & Capital Contributions	-	-	-	-	N/A
Total Revenue	2,122,237	17,553,417	29,922,600	12,369,183	41.3%
Summary of Total District Expenses					
Salary Expenses					
Directors Fees	10,950	74,460	131,400	56,940	43.3%
Exempt Salaries	128,956	840,088	1,262,300	422,212	33.4%
Non-exempt Salaries	497,848	3,134,982	5,343,800	2,208,818	41.3%
Other Salary Payments	-	-	189,400	189,400	100.0%
Overtime	18,274	101,546	230,000	128,454	55.8%
Overtime - On-call	7,716	21,616	72,800	51,184	70.3%
Stipends/Allowances	4,560	11,590	74,900	63,310	84.5%
Employee Service Awards	-	1,100	5,000	3,900	78.0%
Salary Expenses Sub-total	668,303	4,185,382	7,309,600	3,124,218	42.7%
Benefit Expenses					
Medical Insurance	85,115	593,996	1,131,500	537,504	47.5%
HSA Contributions	-	-	4,500	4,500	100.0%
Dental Insurance	4,495	31,718	61,000	29,282	48.0%
Vision Insurance	973	6,897	13,300	6,403	48.1%
Life Insurance	3,777	12,502	36,600	24,098	65.8%
Disability Insurance	-	-	39,590	39,590	100.0%
Long-term Care Insurance	95	3,530	11,600	8,070	69.6%
Workers Compensation Insurance	13,379	79,343	128,900	49,557	38.4%
State Unemployment Insurance	-	-	3,000	3,000	100.0%
401k Retirement Contributions	58,924	366,562	594,300	227,738	38.3%
401k Matching Contributions	35,102	221,244	-	(221,244)	N/A
457b Matching Contributions	11,259	65,227	456,200	390,973	85.7%
Medicare Insurance	8,964	57,322	100,600	43,278	43.0%
FICA	111	2,818	-	(2,818)	N/A
Retiree Medical Insurance Payments	-	-	-	-	N/A
Benefit Expenses Sub-total	222,194	1,441,156	2,581,090	1,139,934	44.2%
Commodity Purchased for Resale					
Water Purchases - MWDOC	116,306	1,751,710	4,024,200	2,272,490	56.5%
Water Purchases - MWDOC Fixed	57,323	382,883	667,000	284,117	42.6%
Water Purchases - AMP/SAC	2,756	18,921	9,000	(9,921)	-110.2%
Regional Water Supply Expenses	2,114	4,895	-	(4,895)	N/A
Water Purchases - Baker WTP	251,712	1,609,213	2,881,760	1,272,547	44.2%
Water Purchases - Baker O&M	391,900	397,829	778,900	381,071	48.9%
Water Purch - Other Agencies	59,726	117,524	-	(117,524)	N/A
MWDOC Service Connect Charge	-	116,224	125,000	8,776	7.0%
Commodity Purchased for Resale Sub-total	881,837	4,399,199	8,485,860	4,086,661	48.2%

Summary of Revenues and Expenses for the Month of January, 2023

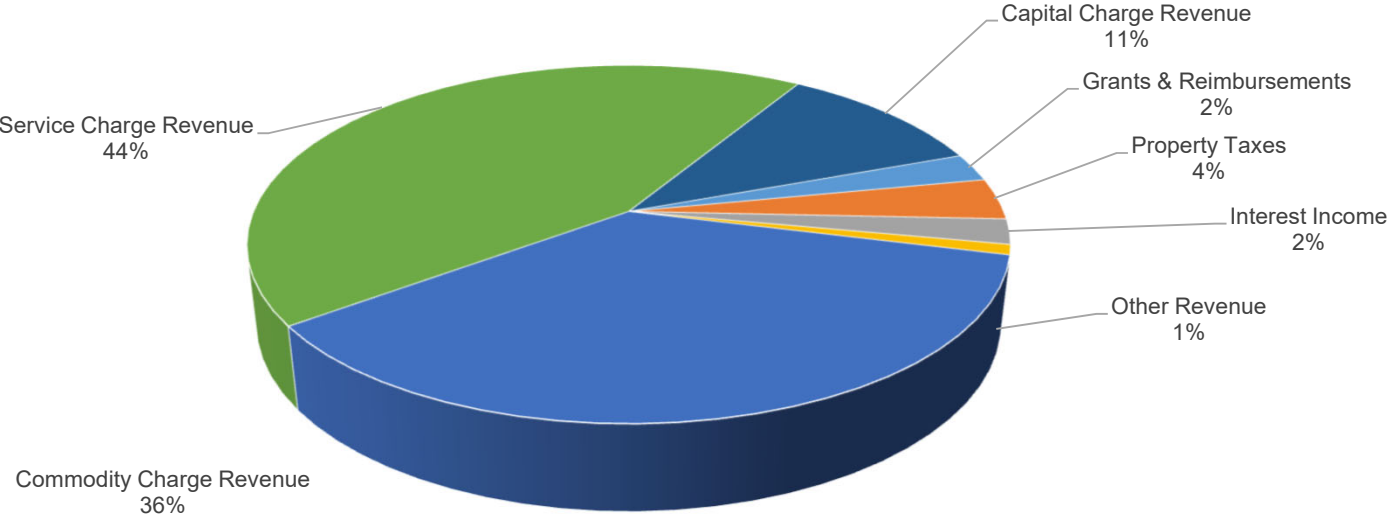
Account - Description	Month Actual	YTD Actual	2022-2023 Budgeted	Budget Remaining	% of Budget Remaining
Contracted/Purchased Services					
Consultants	10,120	27,170	75,000	47,831	63.8%
Engineering Services	4,274	5,582	52,000	46,419	89.3%
Audit & Accounting Services	3,350	18,350	28,600	10,250	35.8%
Technology Consultants	2,321	56,271	60,000	3,729	6.2%
Contractors	16,968	550,675	1,189,200	638,525	53.7%
Contracted Employees	4,677	35,018	-	(35,018)	N/A
Legal Svcs - General Counsel	8,790	44,594	110,000	65,406	59.5%
Legal Svcs - Specialty Counsel	-	3,388	5,000	1,612	32.2%
Other Legal Services	2,870	3,014	-	(3,014)	N/A
Employee Recruitmnt/Compliance	785	2,337	5,000	2,663	53.3%
Employee Health & Wellness	8,353	16,401	17,000	599	3.5%
Employee Relations Expenses	6,079	12,821	2,000	(10,821)	-541.0%
Professional Services	-	18,700	-	(18,700)	N/A
Landscaping Services	16,816	67,500	166,900	99,400	59.6%
Janitorial Contracts	9,627	22,669	45,000	22,331	49.6%
Equipment Rental	2,992	6,586	17,000	10,414	61.3%
Uniform Rental	1,636	8,015	20,000	11,985	59.9%
Laboratory Services	14,961	20,130	42,000	21,870	52.1%
Disposal Services	12,142	48,994	34,000	(14,994)	-44.1%
Security Services	1,715	9,610	24,800	15,190	61.3%
Insurance	-	348,702	344,000	(4,702)	-1.4%
Financial Service Fees	6,598	21,953	55,000	33,047	60.1%
Printing & Reproduction	426	12,366	23,000	10,634	46.2%
Advertising & Publicity Svcs	-	2,341	11,000	8,659	78.7%
Postage	3,128	4,453	20,000	15,547	77.7%
Community Relations/Education	7,398	83,293	190,600	107,307	56.3%
Licenses & Permits	35,320	50,955	189,200	138,245	73.1%
Software Maintenance/Licenses	10,042	90,983	217,900	126,917	58.2%
Electrical Power	112,980	904,891	1,508,500	603,609	40.0%
Natural Gas	1,265	2,427	4,500	2,073	46.1%
Cable Service	517	2,277	11,500	9,223	80.2%
Telecommunications	1,589	10,407	20,000	9,593	48.0%
Mobile Telecommunications	3,662	19,351	35,000	15,649	44.7%
Data Access	7,200	33,190	65,000	31,810	48.9%
Equipment Maintenance & Repair	31,383	99,501	100,800	1,299	1.3%
Pump Maintenance & Repair	23,263	50,237	103,500	53,263	51.5%
Motor Maintenance & Repair	12,350	12,350	81,500	69,150	84.8%
Electrical Maintenance/Repair	11,151	20,364	136,400	116,036	85.1%
Meter Maintenance & Repair	5,504	9,145	14,800	5,655	38.2%
Structure Maintenance & Repair	3,476	31,154	23,000	(8,154)	-35.5%
Asphalt Maintenance & Repair	18,619	48,011	58,600	10,589	18.1%
Contracted/Purchased Services Sub-total	424,347	2,836,176	5,107,300	2,271,124	44.5%
Commodities					
Repair Parts & Materials	43,810	178,756	389,500	210,744	54.1%
Tools & Small Equipment	8,322	34,642	66,700	32,058	48.1%
Safety Equipment	-	11,887	38,000	26,113	68.7%
Employee Tools/Safety Equip	444	7,964	23,500	15,536	66.1%
Laboratory Tools & Small Equip	6	2,553	-	(2,553)	N/A
Technology Tools/Small Equip	-	34,984	35,000	16	0.0%
Chemicals	17,469	138,702	259,200	120,498	46.5%
Gasoline & Oil	14,021	70,357	160,000	89,643	56.0%
Operating Supplies/Accessories	6,765	28,062	49,500	21,438	43.3%
Office Supplies & Accessories	6,185	13,605	23,900	10,295	43.1%
Technology Supplies/Components	5,342	16,856	30,000	13,144	43.8%
Meeting/Event Supplies & Food	4,338	18,957	28,000	9,043	32.3%
Water Use Efficiency Supplies	1,340	1,340	15,000	13,660	91.1%
Commodities Sub-total	108,042	558,664	1,118,300	559,636	50.0%

Summary of Revenues and Expenses for the Month of January, 2023

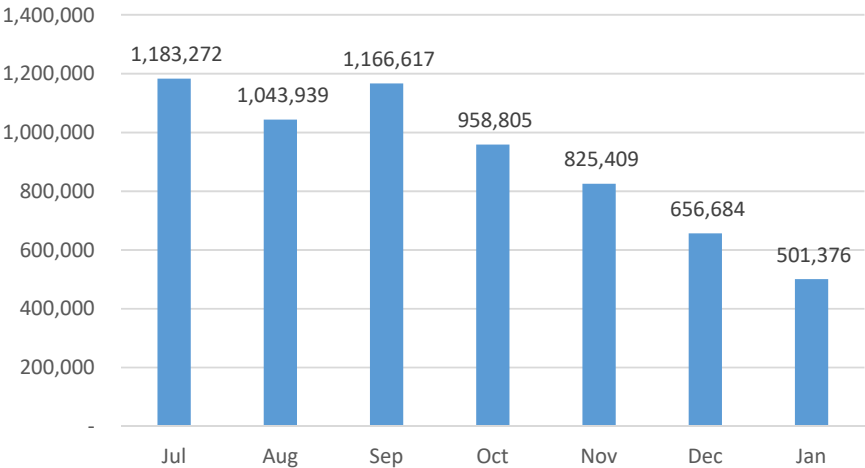
Account - Description	Month Actual	YTD Actual	2022-2023 Budgeted	Budget Remaining	% of Budget Remaining
Professional Development					
Education & Training	682	14,725	46,940	32,215	68.6%
Education/Training - Directors	-	-	-	-	N/A
Dues & Memberships	1,818	45,994	42,080	(3,914)	-9.3%
Dues & Memberships - Directors	3,029	44,043	63,120	19,077	30.2%
Meetings & Conferences	30	4,868	15,880	11,012	69.3%
Meetings/Conferences-Directors	60	6,617	27,420	20,803	75.9%
Travel Reimbursement	201	7,476	17,800	10,324	58.0%
Travel Reimbursement-Directors	1,981	11,957	32,600	20,643	63.3%
Publications & Subscriptions	2,272	6,090	22,200	16,110	72.6%
Professional Development Sub-total	10,073	141,770	268,040	126,270	47.1%
Miscellaneous Expenses					
Employee Appreciation Expenses	279	-	25,880	25,880	100.0%
Internal/External Event Expenses	-	30	5,760	5,730	99.5%
Election Expense	-	-	16,800	16,800	100.0%
Reimbursable Repair Expense	2,626	-	54,710	54,710	100.0%
Property Taxes	55	2,617	4,800	2,183	45.5%
Uncollectible Accounts	49	7,474	30,240	22,766	75.3%
NSFs & Miscellaneous Fees	-	2,283	4,680	2,397	51.2%
Refund Overcharges	1,298	9,284	16,120	6,836	42.4%
Damage/Repair Reimbursements	1,969	1,400	19,160	17,760	92.7%
Miscellaneous Sub-total	6,276	23,087	178,150	155,063	87.0%
Capital Improvement Expenses					
Water System Projects					
Supply/Storage Projects	1,861,555	2,825,692	14,540,900	11,715,208	80.6%
Pumping Projects	-	44,800	200,000	155,200	77.6%
Main/Service Line Projects	-	-	-	-	N/A
Wastewater System Projects				-	N/A
Pumping Projects	35,067	329,742	845,000	515,258	61.0%
Wastewater Treatment Projects	39,914	253,876	1,709,800	1,455,924	85.2%
Main/Service Line Projects	-	-	-	-	N/A
Recycled System Projects				-	N/A
Pumping Projects	-	9,546	-	(9,546)	N/A
Tertiary Treatment Projects	10,619	21,188	-	(21,188)	N/A
Main/Service Line Projects	-	-	-	-	N/A
General Projects				-	N/A
Operating Equipment Purchases	-	24,868	53,000	28,132	53.1%
Vehicle & Related Equipment Purchases	-	-	364,000	364,000	100.0%
Technoloy Projects & Purchases	-	-	120,000	120,000	100.0%
Building & Structure Improvements	287,327	722,245	-	(722,245)	N/A
General Capital Projects	529,212	770,534	377,900	(392,634)	-103.9%
Construction in Progress	(2,471,762)	(4,448,023)	(17,101,300)	(12,653,277)	74.0%
Capital Improvement Expenses Sub-total	291,932	554,468	1,109,300	554,832	50.0%
Other Expenses					
Retiree Health Insurance	45,435	152,414	320,000	167,586	52.4%
Depreciation	290,811	2,035,677	3,653,600	1,617,923	44.3%
Debt Interest Expense	190,125	1,330,872	2,240,000	909,128	40.6%
Other Expenses Sub-total	480,936	3,366,549	5,893,600	2,527,051	42.9%
Total Expenses	3,093,940	17,506,451	32,051,240	14,544,789	45.4%
Change in Net Position	(971,703)	48,056	(2,128,640)		

Revenue Charts - December Financial Report

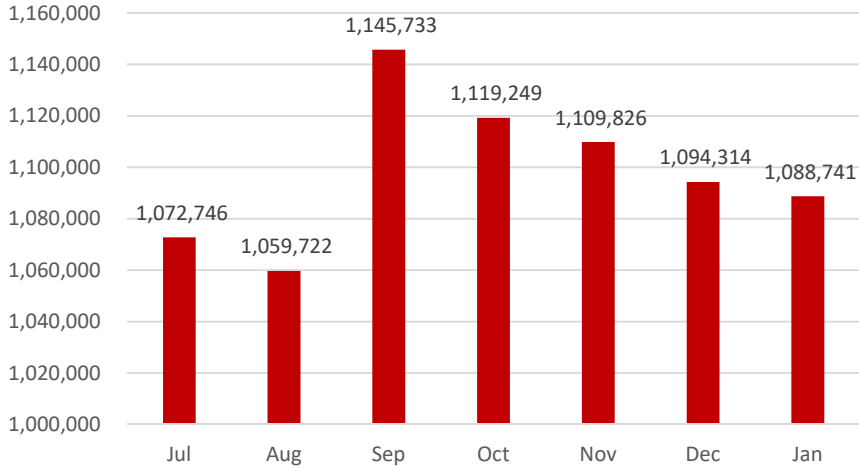
Year to Date Distribution of Revenues



Commodity Charge Revenue by Month

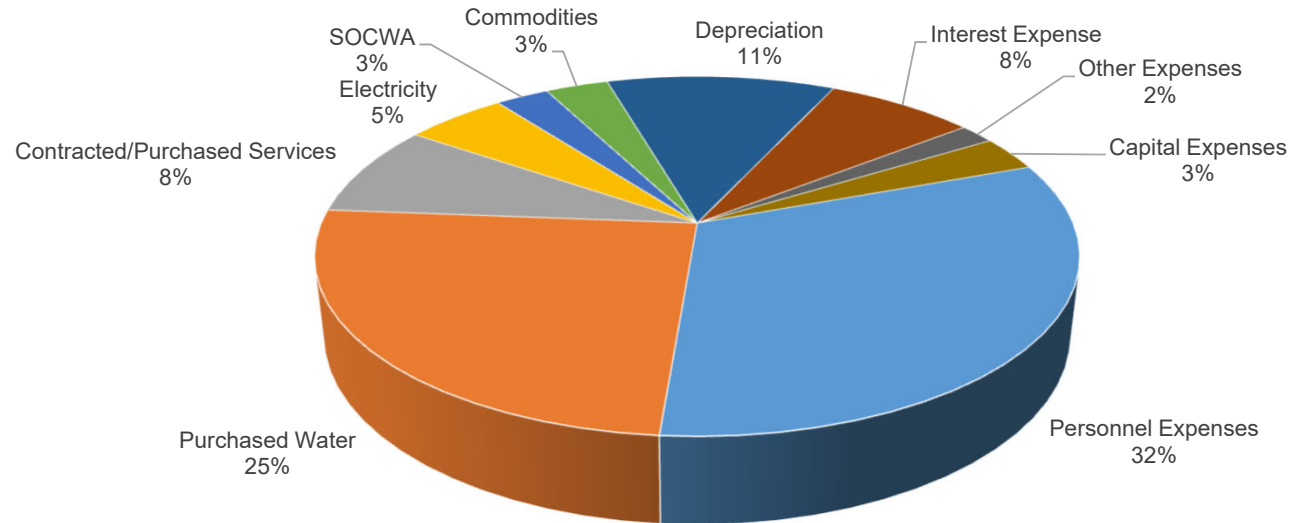


Service Charge Revenue by Month

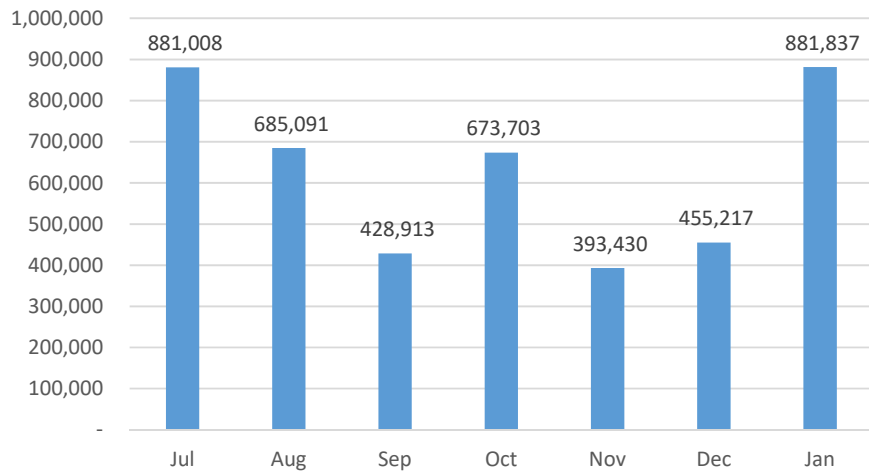


Expense Chart - December Financial Report

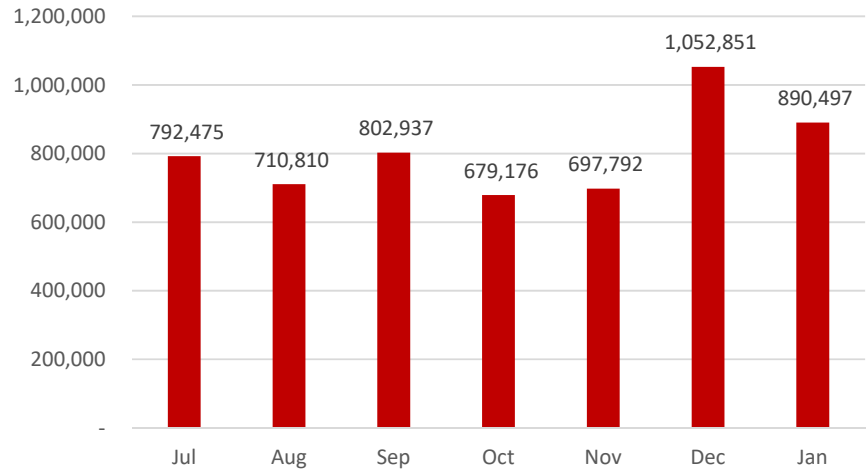
Year to Date Distribution of Expenses



Purchased Water Expenses by Month



Personnel Costs by Month



Summary of Cash & Investments

as of January 31, 2022

Summary of Cash & Investments

Cash & Equivalents

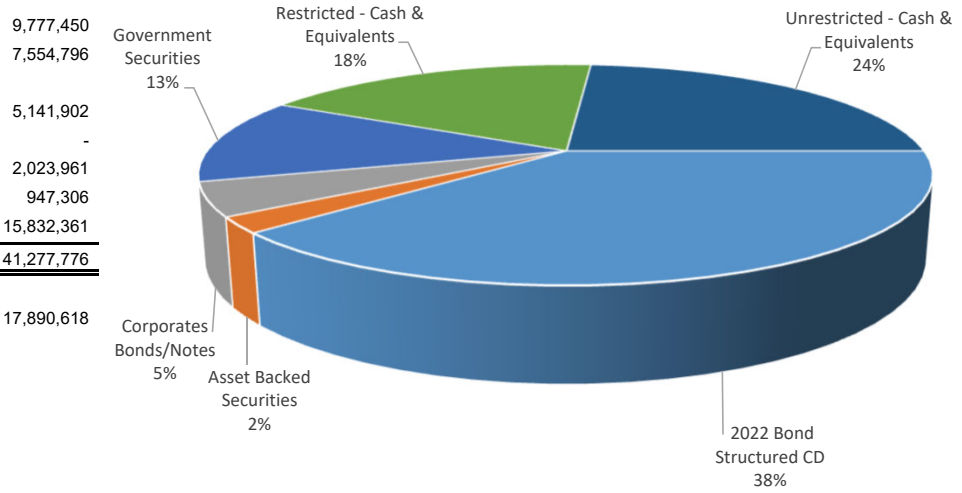
Unrestricted - Cash & Equivalents
Restricted - Cash & Equivalents

Investments

Government Securities
Certificates of Deposit
Corporates Bonds/Notes
Asset Backed Securities
2022 Bond Structured CD

Total Cash & Investments

Unrestricted Cash & Investments



Cash & Equivalents

	Account Balance	Current Yield
Cash & Equivalents		
Demand Deposit Accounts		
Union Bank - Checking Account	2,127,435	
Union Bank - Capital Facilities Checking	2,895	
US Bank - 2022 Bond Proceed Checking	7,551,901	
Petty Cash	700	
Money Market Accounts		
CAMP Money Market	1,276,252	
LAIF Money Market	6,373,063	
Total Cash & Equivalents	17,332,246	

Investments

	Purchase Cost	Par Amount	Premium/ (Discount)	Market Value	Unrealized Gain/(Loss)	Coupon Rate	Yield to Maturity	Purchase Date	Maturity Date
Certificates of Deposit									
US Bank Structured Maturity CD	15,832,361	15,832,361	-	15,832,361	-	2.140%	2.14%	8/1/2022	Various
Certificates of Deposit - Total Balances	15,832,361	15,832,361	-	15,832,361	-				

Investments (continued)

	Purchase Cost	Par Amount	Premium/ (Discount)	Market Value	Unrealized Gain/(Loss)	Coupon Rate	Yield to Maturity	Purchase Date	Maturity Date
Governmental Securities									
United States Treasury Bond									
US Treasury N/B - AA+	401,047	400,000	1,047	393,375	(7,672)	0.250%	0.14%	2/18/2021	6/15/2023
US Treasury N/B - AA+	199,688	200,000	(313)	195,844	(3,844)	0.125%	0.19%	3/1/2021	7/15/2023
US Treasury N/B - AA+	399,828	400,000	(172)	391,688	(8,141)	0.125%	0.14%	2/1/2021	7/15/2023
US Treasury N/B - AA+	498,809	500,000	(1,191)	487,734	(11,074)	0.125%	0.23%	4/1/2021	8/15/2023
US Treasury N/B - AA+	89,982	90,000	(18)	86,864	(3,118)	0.250%	0.26%	4/26/2021	11/15/2023
US Treasury N/B - AA+	298,734	300,000	(1,266)	286,031	(12,703)	0.250%	0.27%	3/1/2021	2/15/2024
US Treasury N/B - AA+	164,807	165,000	(193)	154,997	(9,810)	0.375%	0.42%	9/3/2021	8/15/2024
US Treasury N/B - AA+	34,854	35,000	(146)	32,818	(2,036)	0.375%	0.52%	10/7/2021	9/15/2024
US Treasury N/B - AA+	347,047	350,000	(2,953)	329,820	(17,227)	1.125%	1.42%	2/4/2022	1/15/2025
US Treasury N/B - AA+	149,566	150,000	(434)	145,688	(3,879)	2.750%	2.85%	6/1/2022	5/15/2025
US Treasury N/B - AA+	466,543	500,000	(33,457)	474,141	7,598	4.200%	2.75%	11/30/2022	5/31/2027
US Treasury N/B - AA+	464,531	500,000	(35,469)	473,125	8,594	4.100%	2.13%	11/30/2022	2/15/2027
US Treasury N/B - AA+	502,500	500,000	2,500	510,078	7,578	4.010%	4.13%	11/30/2022	9/30/2027
United States Treasury Bond - Totals	4,017,936	4,090,000	(72,064)	3,962,202	(55,733)				
Supra-National Agency Bond / Note									
Intl BK of Recon and Dev Note - AAA	134,721	135,000	(279)	133,695	(1,025)	0.125%	0.23%	4/13/2021	4/20/2023
Inter-American Devel BK Note - AAA	184,863	185,000	(137)	173,568	(11,295)	0.500%	0.52%	9/15/2021	9/23/2024
Supra-National Agency Bond / Note Totals	319,584	320,000	(416)	307,264	(12,320)				
Municipal Bond / Note									
NJ TPK Authority TXBL Revenue Bonds - AA-	20,000	20,000	-	18,658	(1,342)	0.897%	0.90%	1/22/2021	1/1/2025
Municipal Bond / Note Totals	20,000	20,000	-	18,658	(1,342)				
Federal Agency Commercial Mortgage-Backed Security									
FHMS K724 - AA+	59,660	55,886	3,774	54,867	(4,793)	3.062%	0.58%	1/28/2021	11/1/2023
FHLMC Multifamily Structured Pool - AA+	93,237	93,113	124	90,621	(2,615)	3.064%	3.00%	5/25/2022	8/1/2024
FHMS K047 - AA+	90,577	90,000	577	87,787	(2,789)	3.329%	3.10%	5/19/2022	5/1/2025
Federal Mortgage-Backed Security Totals	243,473	238,998	4,475	233,276	(10,198)				
Federal Agency Bond / Note									
Federal Farm Credit Bank Note - AA+	229,871	230,000	(129)	229,941	70	0.125%	0.15%	1/26/2021	2/3/2023
Freddie Mac Notes - AA+	155,087	155,000	87	149,718	(5,369)	0.250%	0.23%	1/6/2021	11/6/2023
Fannie Mae Notes - AA+	250,107	250,000	107	240,843	(9,265)	0.250%	0.24%	1/6/2021	11/27/2023
Federal Agency Bond / Note Totals	635,065	635,000	65	620,502	(14,563)				
Governmental Securities - Total Balances	5,236,058	5,303,998	(67,941)	5,141,902	(94,156)				

Investments (continued)

	Purchase Cost	Par Amount	Premium/ (Discount)	Market Value	Unrealized Gain/(Loss)	Coupon Rate	Yield to Maturity	Purchase Date	Maturity Date
Corporate Notes									
Toyota Motor Credit Corp Corporate Note - A+	69,996	70,000	(4)	67,194	(2,801)	0.450%	0.45%	1/6/2021	1/11/2024
John Deere Corp Notes - A	54,961	55,000	(39)	52,755	(2,206)	0.450%	0.48%	3/4/2021	1/17/2024
Morgan Stanley Corp Notes - A-	55,000	55,000	-	54,949	(51)	0.529%	0.53%	1/20/2021	1/25/2024
PACCAR Financial Corp Corporate Note - A+	64,925	65,000	(75)	62,067	(2,858)	0.350%	0.39%	1/28/2021	2/2/2024
Microsoft Corp (Callable) Note - AAA	46,864	45,000	1,864	44,198	(2,666)	2.875%	0.95%	12/1/2021	2/6/2024
National Rural Util Coop Corporate Note - A-	24,983	25,000	(17)	23,877	(1,106)	0.350%	0.37%	2/8/2021	2/8/2024
Apple Inc (Callable) Note - AA+	52,381	50,000	2,381	49,146	(3,235)	3.000%	0.870%	11/1/2021	2/9/2024
Goldman Sachs Corp Notes - BBB+	44,062	40,000	4,062	39,598	(4,464)	4.000%	0.690%	1/21/2021	3/3/2024
Merck & Co Inc Corp Notes	31,377	30,000	1,377	29,396	(1,981)	2.900%	0.880%	11/16/2021	3/7/2024
Goldman Sachs Corp Notes	20,000	20,000	-	19,908	(92)	0.673%	0.670%	3/1/2021	3/8/2024
Charles Schwab Corp Note	29,985	30,000	(15)	28,612	(1,373)	0.750%	0.770%	3/16/2021	3/18/2021
Suntrust Bank (Callable) Corp Note	63,197	60,000	3,197	58,882	(4,315)	3.200%	0.960%	11/1/2021	4/1/2024
Comcast Corp (Callable) Corp Note	53,305	50,000	3,305	49,415	(3,890)	3.700%	0.960%	11/1/2021	4/15/2024
Bank of NY Mellon Corp Note	54,941	55,000	(59)	52,233	(2,708)	0.500%	0.540%	4/19/2021	4/26/2024
Novartis Capital Corp Note	53,112	50,000	3,112	49,323	(3,789)	3.400%	0.890%	11/1/2021	5/6/2024
Amazon.com Inc Corp Note	79,883	80,000	(117)	75,865	(4,018)	0.450%	0.500%	5/10/2021	5/12/2024
Unitedhealth Group Inc Corp Note	29,969	30,000	(31)	28,499	(1,470)	0.550%	0.590%	5/17/2021	5/15/2024
Unitedhealth Group Inc Corp Note	29,476	30,000	(524)	28,499	(977)	0.550%	1.320%	1/21/2022	5/15/2024
Caterpillar Finl Service Corp Note	44,940	45,000	(60)	42,604	(2,336)	0.450%	0.500%	5/10/2021	5/17/2024
Astrazeneca Finance LLC (Callable) Corp	49,996	50,000	(5)	47,490	(2,506)	0.700%	0.700%	5/25/2021	5/28/2024
John Deere Capital Corp Notes	9,988	10,000	(13)	9,458	(529)	0.450%	0.490%	6/7/2021	6/7/2024
Target Corp Notes	31,879	30,000	1,879	29,493	(2,386)	3.500%	1.040%	11/23/2021	7/1/2024
American Express Co Corp Notes	36,253	35,000	1,253	33,732	(2,521)	2.500%	1.140%	11/19/2021	7/30/2024
American Honda Finance Corp Notes	29,980	30,000	(20)	28,260	(1,720)	0.750%	0.770%	9/7/2021	8/9/2024
American Honda Finance Corp Notes	35,025	35,000	25	32,970	(2,055)	0.750%	0.720%	9/13/2021	8/9/2024
Caterpillar Finl Service Corp Notes	19,973	20,000	(27)	18,783	(1,190)	0.600%	0.650%	9/7/2021	9/13/2024
Bank of NY Mellon Corp Note	24,984	25,000	(16)	23,482	(1,502)	0.850%	0.870%	10/20/2021	10/25/2024
Apple Inc Corp Note - AA+	42,786	40,000	2,786	38,784	(4,002)	2.750%	0.890%	3/11/2021	1/13/2025
Goldman Sachs Corp Notes	10,000	10,000	-	9,632	(368)	1.757%	1.760%	1/19/2022	1/24/2025
Bank of America Corp Notes	20,000	20,000	-	19,311	(689)	1.843%	1.840%	2/1/2022	2/4/2025
Merck & Co Inc Corp Notes	21,389	20,000	1,389	19,384	(2,004)	2.750%	0.940%	3/9/2021	2/10/2025
3M Company Corp Note	69,744	70,000	(256)	66,604	(3,140)	2.000%	2.130%	3/3/2022	2/14/2025
JPMorgan Chase & Co Corp Note Call	30,000	30,000	-	28,532	(1,468)	0.563%	0.560%	2/9/2021	2/16/2025
Exon Mobil Corp Note	29,874	30,000	(126)	28,981	(893)	2.709%	2.860%	4/1/2022	3/6/2025
Bank of America Corp Notes	42,714	40,000	2,714	39,151	(3,564)	3.458%	1.530%	7/22/2021	3/15/2025
Intel Corp Notes	30,873	30,000	873	29,284	(1,588)	3.400%	2.400%	3/8/2022	3/25/2025
Burlington North Santa Fe Corp Note Call	21,533	20,000	1,533	19,342	(2,190)	3.000%	1.070%	3/5/2021	4/1/2025
Amazon.com Inc Corp Notes	74,881	75,000	(119)	72,843	(2,038)	3.000%	3.060%	4/11/2022	4/13/2025
Home Depot Inc Corp Note	4,991	5,000	(9)	4,823	(168)	2.700%	2.760%	3/24/2022	4/15/2025
Target Corp Note	30,015	30,000	15	28,606	(1,408)	2.250%	2.230%	3/8/2022	4/15/2025
Bank of America Corp Notes (Callable)	70,000	70,000	-	66,345	(3,655)	0.976%	0.980%	4/16/2021	4/22/2025
Bank of NY Mellon Corp Note	46,148	45,000	1,148	42,070	(4,078)	1.600%	0.970%	3/10/2021	4/24/2025
Bank of NY Mellon Corp Note	19,997	20,000	(3)	19,466	(531)	3.350%	3.360%	4/19/2022	4/25/2025
Pepsico Inc Corp Note Call	21,400	20,000	1,400	19,372	(2,028)	2.750%	1.020%	3/5/2021	4/30/2025
Citigroup Inc Corp Notes	35,000	35,000	-	33,085	(1,915)	0.981%	0.980%	4/27/2021	5/1/2025
Suntrust Banks Inc Corp Notes	36,373	35,000	1,373	34,462	(1,910)	4.000%	2.690%	3/8/2022	5/1/2025
Charles Schwab Corp Note	40,616	40,000	616	39,359	(1,256)	3.850%	3.300%	6/1/2022	5/21/2025
Morgan Stanley Corp Notes (Callable)	10,000	10,000	-	9,381	(619)	0.790%	0.790%	5/26/2021	5/30/2025
Honeywell Intl Corp Note	20,360	20,000	360	18,621	(1,739)	1.350%	0.910%	3/5/2021	6/1/2025
JPMorgan Chase & Co Corp Note	25,000	25,000	-	23,493	(1,507)	0.824%	0.82%	5/24/2021	6/1/2025
National Rural Util Coop Corp Note	9,997	10,000	(3)	9,710	(287)	3.450%	3.46%	5/4/2022	6/15/2025
Intel Corp Notes	35,821	35,000	821	34,259	(1,563)	3.700%	2.95%	4/4/2022	7/29/2025
Citigroup Inc Corp Notes	20,000	20,000	-	18,630	(1,370)	1.281%	1.28%	10/27/2021	11/3/2025
State Street Corp Note	20,000	20,000	-	18,917	(1,083)	1.746%	1.75%	2/2/2022	2/6/2026
Citigroup Inc Corp Notes	15,000	15,000	-	14,460	(540)	3.290%	3.29%	3/10/2022	3/17/2022
State Street Corp Note	61,208	60,000	1,208	57,747	(3,461)	2.901%	2.38%	2/17/2022	10/29/2020
JPMorgan Chase & Co (Callable)	80,000	80,000	-	78,619	(1,381)	4.080%	4.08%	4/19/2022	4/26/2020
Corporate Bonds - Total Balances	2,137,152	2,100,000	37,152	2,023,961	(113,191)				

Investments (continued)

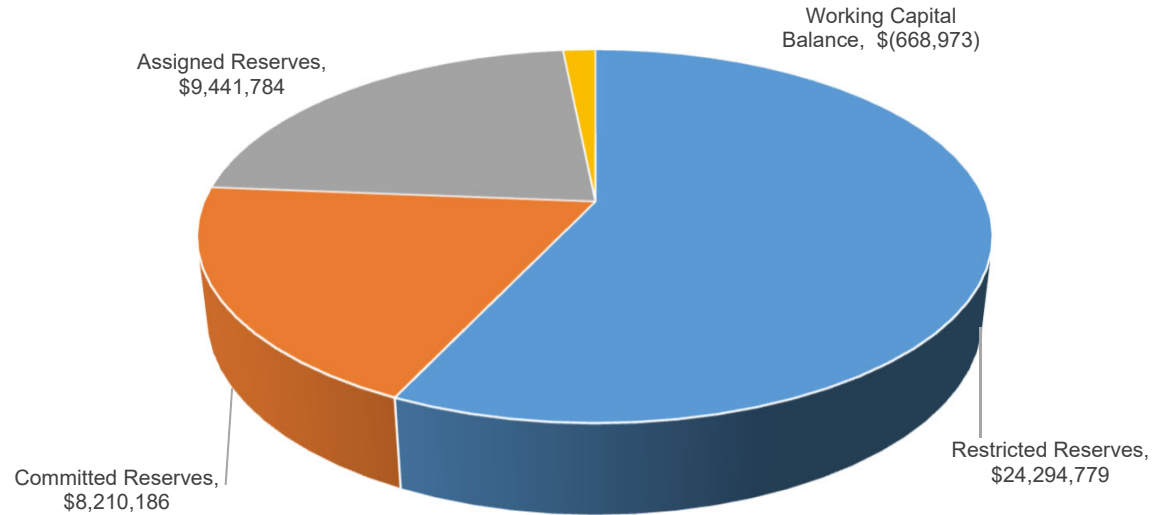
Asset Backed Securities

	Purchase Cost	Par Amount	Premium/ (Discount)	Market Value	Unrealized Gain/(Loss)	Coupon Rate	Yield to Maturity	Purchase Date	Maturity Date
MBalt 2021 - AAA	11,281	11,283	(1)	5,116	(6,165)	0.250%	0.25%	1/20/2021	1/16/2024
BMWLT 2021 - AAA	11,727	11,727	(0)	4,497	(7,230)	0.290%	0.29%	3/10/2021	1/25/2024
BMWLT 2021 - AAA	42,981	43,000	(18)	16,487	(26,494)	0.290%	0.31%	10/19/2021	1/25/2024
FordL 2021 - Aaa	17,144	17,146	(2)	1,618	(15,526)	0.260%	0.26%	1/20/2021	2/15/2024
GMALT 2021 - Aaa	22,651	22,653	(2)	7,940	(14,710)	0.260%	0.26%	2/17/2021	2/20/2024
FordO 2019 - AAA	10,954	10,804	150	827	(10,127)	1.870%	1.38%	4/15/2021	3/15/2024
Woart 2021 - AAA	25,206	25,206	(0)	6,808	(18,398)	0.220%	0.220%	8/3/2021	9/16/2024
FordL 2021 - AAA	59,989	60,000	(11)	58,826	(1,163)	0.370%	0.380%	9/21/2021	10/15/2024
Harot 2021 - Aaa	23,398	23,399	(0)	15,753	(7,645)	0.270%	0.270%	2/17/2021	4/21/2025
FordO 2021 - AAA	29,498	29,500	(2)	20,858	(8,640)	0.300%	0.300%	2/17/2021	8/15/2025
Harot 2021 - Aaa	39,998	40,000	(2)	34,903	(5,096)	0.330%	0.330%	5/18/2021	8/15/2025
GMCAR 2021 - AAA	13,344	13,347	(2)	9,420	(3,925)	0.350%	0.350%	1/12/2021	10/16/2025
Harot 2021 - AAA	39,999	40,000	(1)	38,255	(1,744)	0.410%	0.410%	8/17/2021	11/18/2025
Carmx 2021 - AAA	14,066	14,069	(3)	10,129	(3,937)	0.340%	0.340%	1/20/2021	12/15/2025
Harot 2021 - Aaa	24,995	25,000	(5)	23,803	(1,192)	0.880%	0.890%	11/16/2021	1/21/2026
TAOT 2021 - AAA	29,999	30,000	(1)	28,460	(1,540)	0.710%	0.710%	11/9/2021	4/15/2026
Hart 2021 - AAA	19,996	20,000	(4)	18,972	(1,024)	0.740%	0.750%	11/9/2021	5/15/2026
Harot 2022 - AAA	44,993	45,000	(7)	42,890	(2,103)	1.880%	1.880%	2/15/2022	5/15/2026
FordO 2022 - Aaa	24,997	25,000	(3)	23,801	(1,196)	1.290%	1.290%	1/19/2022	6/15/2026
BMWOT 2021 - AAA	24,999	25,000	(1)	24,404	(595)	3.210%	3.210%	5/10/2022	8/25/2026
COPAR 2021 - AAA	25,000	25,000	(0)	23,659	(1,340)	0.770%	0.770%	10/19/2021	9/15/2026
FordO 2022 - Aaa	24,999	25,000	(1)	24,449	(550)	3.740%	3.740%	6/22/2022	9/15/2026
TAOT 2022 - AAA	29,999	30,000	(1)	29,122	(877)	2.930%	2.930%	4/7/2022	9/15/2026
DCENT 2021 - AAA	54,988	55,000	(12)	51,554	(3,434)	0.580%	0.580%	9/20/2021	9/15/2026
GMCAR 2021 - AAA	24,999	25,000	(1)	23,654	(1,345)	0.680%	0.680%	10/13/2021	9/16/2026
Hart 2022 - AAA	54,998	55,000	(2)	52,766	(2,231)	2.220%	2.220%	3/9/2022	10/15/2026
Comet 2021 - AAA	49,993	50,000	(7)	46,948	(3,045)	1.040%	1.040%	11/18/2021	11/15/2026
Ally 2022 - AAA	59,988	60,000	(12)	58,713	(1,275)	3.310%	3.310%	5/10/2022	11/15/2026
GMCAR 2022 - AAA	19,998	20,000	(2)	18,966	(1,033)	1.260%	1.260%	1/11/2022	11/16/2026
HDMOT 2022 - AAA	34,994	35,000	(6)	34,110	(884)	3.060%	3.060%	4/12/2022	2/15/2027
GMCAR 2022 - AAA	24,995	25,000	(5)	24,272	(723)	3.100%	3.100%	4/5/2022	2/16/2027
Carmx 2022 - AAA	34,995	35,000	(5)	34,236	(759)	3.490%	3.490%	4/21/2028	2/16/2027
Comet 2022 - AAA	69,995	70,000	(5)	67,551	(2,443)	2.800%	2.800%	3/23/2022	3/15/2027
Comet 2022 - AAA	64,990	65,000	(10)	63,538	(1,451)	3.490%	3.490%	6/6/2022	5/15/2027
Corporate Bonds - Total Balances	1,107,147	1,107,133	14	947,306	(159,841)				

El Toro Water District
Cash Reserve Status Report for the month ended January 31, 2023

	Cash Reserve Balances	Reserve Targets
Reconciled Cash Balance	\$ 41,277,776	
Restricted Reserve		
Bond Project Reserve	23,384,265	-
Capital Facilities	2,895	-
Tiered Conservation	907,619	-
Restricted Reserve Total	24,294,779	-
Committed Reserves		
Rate Stabilization	2,100,000	2,100,000
Operational Continuity	2,100,000	2,100,000
Capital Improvements	3,000,000	3,000,000
Current CIP Working Cash	1,010,186	-
Committed Reserves Total	8,210,186	7,200,000
Assigned Reserves		
Capital Improvement		
Carryover Capital	2,480,461	-
Accumulated Capital	1,375,026	-
SOCWA Capital Projects	3,544,781	-
Bond Project Reserve	1,648,811	-
Debt Service		
Baker Funding	392,705	-
O&M Working Capital	(668,973)	2,100,000
Assigned Reserves Total	8,772,811	2,100,000
Total Cash Reserves	41,277,776	
Adjusted Cash Reserves⁽¹⁾	17,890,616	9,300,000

Distribution of Reserve Balances



(1) the Adjusted Cash Reserves excludes the 2022 Bond Proceeds which are obligated to the projects identified in the 2022 Bond Official Statement and are therefore not available for Operations & Maintenance activities or the annual Capital Improvement Program.

El Toro Water District - Capital Projects Report, Fiscal Year 2022-2023															
	2022 - 2023								2022 - 2023 Expenses						2022 - 2023
	Capital Project	Carryover Project	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Budget Remaining
Source of Supply / Water Storage Projects (40-710)															
R-6 Reservoir Cover/Line Project (RES-0047)	9,465,300	-	-	2,057	-	40,575	-	592,230	1,646,439						2,281,301 7,183,999
JRWSS Capital Contribution (RCE-0001)	12,400	-	-	-	-	-	816	-	2,057						2,873 9,527
Baker WTP Capital Contribution (RCE-0002)	56,200	-	-	-	-	-	-	-	28,080						28,080 28,120
JTM Pump Station (WPS-0093)	2,176,000	-	-	350	-	3,369	6,523	42,560	98,033						150,835 2,025,165
Reservoir Mixer Improvements (RES-0014)	77,000	-	-	-	-	-	-	-	19,469						19,469 57,531
R-2 Interior Recoating Project (GEN-0115)	-	219,080	-	221,426	-	25,576	56,074	-	6,140						309,216 (90,136)
Water Pumping Projects (40-720)															
P-4 Pump Replacement (CAP-0024)	59,000	-	-	-	-	-	-	-	-						- 59,000
Reservoir Mixer Improvements (RES-0014)	77,000	-	-	-	-	-	-	-	-						- 77,000
Water Stations PLC Upgrade (CAP-0001)	-	76,734	-	-	-	-	-	-	-						- 76,734
Spartan Pump Rehabilitation	32,000	-	-	-	-	-	-	-	-						- 32,000
Wastewater Pumping Projects (40-740)															
Aliso Creek Lift Station (CAP-0019)	310,510	275,000	-	2,948	-	-	-	-	5,645						8,593 576,917
4920 Siphon Project (CAP-0003)	-	170,000	-	2,417	-	-	-	-	-						2,417 167,583
Sewer Stations PLC Upgrade (CAP-0002)	-	118,295	-	-	-	-	-	-	-						- 118,295
Oso LS Improvement (SLS-0112)	-	-	-	-	544	-	-	-	-						544 (544)
Wastewater Treatment Projects (40-750)															
Secondary Clarifier & WAC Rehabilitation (CAP-0020)	200,000	-	-	-	-	-	-	-	-						- 200,000
DAF Unit #2 Rehabilitation (CAP-0018)	128,000	72,815	-	-	-	-	-	-	15,219						15,219 185,596
Ocean Outfall LS Rehabilitation (SLS-0114)	75,000	33,962	-	217,061	-	-	-	-	-						217,061 (108,099)
SOCWA Capital Contributions (RCE-0003)	501,800	-	20,279	-	-	26,178	-	-	-						46,457 455,343
WRP Effluent PS Rehabilitation (SLS-0133)	-	142,000	-	12,350	15,200	-	41,088	-	-						68,638 73,362
Headworks Barscreen Retrofit (CAP-0021)	515,000	-	-	-	-	-	-	-	-						- 515,000
Fine Screen Facility Rehabilitation (CAP-0022)	230,000	-	-	-	-	-	-	-	-						- 230,000
Headworks Barscreen PLC Panel Replacement	60,000	-	-	-	-	-	-	-	-						- 60,000
WRP Main Electrical Breaker Upgrade (WRP-0132)	-	124,547	-	-	-	97,284	-	-	-						97,284 27,263
Wash Press System at Headworks (WRP-0133)	-	200,000	-	-	-	-	70,221	-	51,232						121,453 78,547
Ammonia Analyzer (WRP-0138)	-	-	-	-	-	-	24,868	-	-						24,868 (24,868)
Recycled Treatment Projects (40-780)															
Tertiary Disinfection Optimizer (WRP-0137)	-	-	-	8,606	-	1,963	-	-	10,619						21,188 (21,188)
Operating Equipment Purchases (40-800)															
Laboratory Equipment Purchases (OEP-0001)	33,000	-	-	-	-	-	-	-	-						- 33,000
Collections Equipment Purchases (OEP-0002)	9,000	-	-	-	-	-	-	-	-						- 9,000
Petroleum Equipment (OEP-0010)	11,000	-	-	-	-	-	-	-	-						- 11,000
Vehicle & Equipment Purchases (40-810)															
Boom Truck (VEH-0002)	315,000	-	-	-	-	-	3,553	-	-						3,553 311,447
Trailer (VEH-0001)	49,000	-	-	-	-	-	5,128	-	-						5,128 43,872
Technology Purchases (40-820)															
22/23 ATS Replacements (TCP-0005)	30,000	-	-	-	-	-	-	-	-						- 30,000
Technology Master Plan (TCP-0003)	90,000	-	-	-	-	-	-	-	-						- 90,000
Security System Improvements (TCP-0006)	-	-	-	-	9,546	-	-	-	-						9,546 (9,546)
Boardroom AV System Upgrade (CAP-0025)	-	-	-	-	-	26,929	-	-	-						26,929 (26,929)

El Toro Water District - Capital Projects Report, Fiscal Year 2022-2023																
	2022 - 2023								2022 - 2023 Expenses							2022 - 2023
	Capital Project	Carryover Project	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	Budget Remaining
Building & Structure Improvements (40-830)																
Filter Plant Demolition/Re-use Project (GEN-0112)	-	221,548	-	2,057	-	16,879	68,063	305,969	277,630						670,598	(449,050)
Administration Bldg HVAC Project (GEN-0114)	-	201,384	-	-	-	-	930	1,146	237,420						239,496	(38,112)
General Capital Projects (40-840)																
Asset Management Study (CAP-0023)	100,000	-	-	-	-	-	-	-	70,170						70,170	29,830
Water & Sewer Master Plan (SPS-0049)	-	227,936	-	24,195	-	3,742	6,585	-	170,035						204,557	23,379
CalTrans I-5 Widening Project (GEN-0514)	-	-	-	-	-	-	100,133	10,440	-						110,573	(110,573)
Contingency (RCE-0004)	7,901	-	-	-	-	13,823	-	-	26,662						40,485	(32,585)
Capital Expenses by Project Area																
Source of Supply/Water Storage Projects	11,786,900	219,080	-	223,833	-	69,520	63,413	634,790	1,800,218	-	-	-	-	-	2,791,774	9,214,206
Water Pumping Projects	168,000	76,734	-	-	-	-	-	-	-	-	-	-	-	-	-	244,734
Water Main/Service Line Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wastewater Pumping Projects	310,510	563,295	-	5,365	544	-	-	-	5,645	-	-	-	-	-	11,554	862,251
Wastewater Treatment Projects	1,709,800	573,324	20,279	229,411	15,200	123,462	136,177	-	66,451	-	-	-	-	-	590,980	1,692,144
Wastewater Main/Service Line Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recycled Pumping Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recycled Treatment Projects	-	-	-	8,606	-	1,963	-	-	10,619	-	-	-	-	-	21,188	(21,188)
Recycled Main/Service Line Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Equipment Purchases	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53,000
Vehicle & Equipment Purchases	364,000	-	-	-	-	-	8,681	-	-	-	-	-	-	-	8,681	355,319
Technology Purchases	120,000	-	-	-	9,546	26,929	-	-	-	-	-	-	-	-	36,475	83,525
Building/Structure Improvement Projects	-	422,932	-	2,057	-	16,879	68,993	307,115	515,050	-	-	-	-	-	910,094	(487,162)
General Capital Projects	107,901	227,936	-	24,195	-	17,565	106,718	10,440	266,867	-	-	-	-	-	425,785	(89,949)
Total Capital Expenses	14,620,111	2,083,301	20,279	493,467	25,290	256,318	383,982	952,345	2,664,850	-	-	-	-	-	4,796,531	11,906,880

Project Management Designations

- CAP - Capital Projects (No Work Order)
- EFF - Effluent System*
- GEN - General Facility Improvements*
- OEP - Operating Equipment Purchases
- RCE - Recurring Capital Expenses
- RES - Water Reservoir Improvements*
- SCS - Wastewater Collection System*
- SLS - Sewer Lift Stations*
- SPS - Special Studies*
- TCP - Technology Capital Purchases*
- WPS - Water Pump Stations*
- WRP - Water Recycling Plant*
- VEH - Vehicle Capital Expense

* These projects will generally have an Engineering work order associated with them

EL TORO WATER DISTRICT
401K PLAN SUMMARY

401K PLAN MARKET VALUE



MARKET VALUE SUMMARY																																	
	Growth Under 40 yrs. Old	Capital Appreciation 40 to 44 yrs. Old	Balanced 45 to 49 yrs. Old	Balanced Income 50 to 54 yrs. Old	Income & Growth 55 to 59 yrs. Old	Income 60 to 64 yrs. Old	Capital Pres. Port Over 65 yrs. Old	American Beacon Ahl Managed Futures Strategy Fund A Class	Blackrock Tactical Opportunities Fund Class K Shares	Blackrock Total Factor Fund Institutional Shares	Columbia Contrarian Core Fund Institutional 3 Class	Delaware Small Cap Core Fund Class R6	Dfa Large Cap International Portfolio Institutional Class	Dodge & Cox Income Fund Class I	Dodge & Cox Internationa l Stock Fund Class I	Dodge & Cox Stock Fund Class I	Doubleline Core Fixed Income Fund Class R6	Emerald Growth Fund Institutional Class	Guaranteed Income Fund	Harbor Capital Appreciation Fund Retirement Class	Mfs International Growth Fund Class R6	Nuveen Real Estate Securities Fund Class R6	Pgim Total Return Bond Fund -class R6	Pimco Income Fund Institutional Class	Pimco Rae Us Fund Institutional Class	The Merger Fund Class I	Undiscovered Managers Behavioral Value Fund Class R6	Vanguard Emerging Markets Stock Index Fund Admiral Shares	Vanguard Growth And Income Fund Admiral Shares	Vanguard Growth Index Fund Admiral Shares	Vanguard Long-term Investment- grade Fund Admiral Shares	Vanguard Mid cap Index Fund Admiral Shares	
Balance at June 30, 2022	\$1,733,972.40	\$1,464,595.40	\$953,052.03	\$3,481,975.23	\$7,738,613.81	\$6,406,094.97	\$1,462,806.94	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contributions	145,622.49	73,504.23	32,930.28	91,821.09	164,076.12	140,141.11	114,019.04	6,360.82	2,349.30	704.97	19,809.43	6,990.53	12,897.83	22,131.01	3,031.38	10,766.84	22,755.26	4,653.12	16,480.91	8,790.44	3,031.22	7,466.94	21,505.62	2,349.37	10,766.94	2,349.55	4,652.96	5,781.85	20,180.68	9,122.27	7,661.85	2,349.53	
Withdrawals	(12,989.63)	0.00	0.00	0.00	(108,018.04)	(1,538,693.56)	(118,893.83)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers	(1,870,889.98)	(1,519,959.08)	(988,529.64)	(3,546,156.91)	(7,777,558.88)	(4,982,670.27)	(1,441,962.28)	660,858.18	221,202.70	65,148.85	1,733,366.35	651,521.98	1,109,825.21	2,270,044.94	261,150.26	927,508.01	2,361,638.26	393,349.82	1,699,326.44	717,703.09	261,150.35	724,061.37	2,232,876.80	221,202.68	927,508.10	221,202.74	393,349.75	480,407.36	1,799,189.43	771,454.05	801,477.48	221,202.84	
Interest, dividends and appreciation net of fees and charges	4,284.72	(18,140.55)	2,547.33	(27,639.41)	(17,113.01)	(24,872.25)	(15,969.87)	6,093.18	(1,301.96)	635.63	105,923.62	46,926.53	88,428.54	56,377.22	20,892.51	63,780.82	55,662.48	34,128.70	5,193.84	63,204.55	18,881.61	73,482.68	53,853.68	6,097.19	47,050.85	459.10	34,043.76	36,567.72	93,420.89	62,845.01	33,944.71	15,821.84	
Balance at January 31, 2023	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$673,312.18	\$222,250.04	\$66,489.45	\$1,859,099.40	\$705,439.04	\$1,211,151.58	\$2,348,553.17	\$285,074.15	\$1,002,055.67	\$2,440,056.00	\$432,131.64	\$1,721,001.19	\$789,698.08	\$283,063.18	\$805,010.99	\$2,308,236.10	\$229,649.24	\$985,325.89	\$224,011.39	\$432,046.47	\$522,756.93	\$1,912,791.00	\$843,421.33	\$843,084.04	\$239,374.21	
Average return YTD January 31, 2023	0.25%	-1.24%	0.27%	-0.79%	-0.22%	-0.39%	-1.09%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Average return is calculated by dividing the interest, dividends and appreciation, net of fees by beginning fiscal year fund balance.

MINUTES OF THE REGULAR MEETING
& OF THE
ENGINEERING COMMITTEE MEETING

January 23, 2023

At approximately 8:00 a.m. Director Vergara called the Engineering Committee meeting to order.

Committee Members KAY HAVENS, KATHRYN FRESHLEY, MIKE GASKINS, JOSE VERGARA, and MARK MONIN participated.

Also participating were DENNIS P. CAFFERTY, General Manager, JASON HAYDEN, CFO, JUDY CIMORELL, Human Resources Manager, SCOTT HOPKINS, Operations Superintendent, GILBERT J. GRANITO, General Counsel, MIKE MIAZGA, IT Manager, RORY HARNISCH, SHERRI SEITZ, Public Relations Manager (zoom), CAROL MOORE, Laguna Woods Mayor (zoom), and POLLY WELSCH, Recording Secretary.

Consent Calendar

Director Vergara asked for a Motion.

Motion: Director Monin made a Motion, seconded by Director Freshley and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

Director Monin	aye
Director Gaskins	aye
Director Freshley	aye
Vice President Vergara	aye
President Havens	aye

Engineering Action Items

Boom Truck Replacement

Mr. Cafferty stated that staff received a proposal in November that updated a proposal originally submitted in February, 2022, that increased the cost from \$315,000 to approximately \$365,000 with an anticipated lead time of 12-24 months. He further stated that the vendor more recently submitted a current proposal with a cost of approximately \$415,000.

Mr. Cafferty stated that the existing Boom truck is 32 years old and must be replaced. He further stated that staff is evaluating whether potential alternative suppliers can provide similar equipment at a lower cost and/or schedule.

Main Office HVAC Improvement Project Change Order

Mr. Cafferty stated that this is the item for which the agenda was modified to change the action item. He further stated that the structural improvements have been made and the air conditioning units have been installed. The District has issued Change Orders for the cost of installing duct detectors, some sheet metal screws for additional structural supports, and new thermostats. Mr. Cafferty stated that the existing completed and pending change orders amount to approximately \$40,000.

Mr. Cafferty stated that the City of Lake Forest inspector discovered that the existing duct installation has significantly deteriorated and requires correction. He further stated that staff is reviewing alternatives for duct repairs and these repairs will be included in an upcoming Change Order.

Director Vergara asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Monin and unanimously carried across the Board to authorize the General Manager to approve the work necessary for the installation of material associated with connection of the duct detectors to the existing fire panel in an amount not to exceed \$50,000.

Roll Call Vote:

Director Monin	aye
Director Gaskins	aye
Director Freshley	aye
Vice President Vergara	aye
President Havens	aye

Filter Plant Demolition Project Change Order

Mr. Cafferty stated that during the demolition of the building there was a pipe that came up out of the ground that was unknown to staff or the contractor that was hit during demolition causing flooding at the site. He further stated that this pipe was connected to an existing 24" active water pipeline that conveys water from the R-6 Reservoir to the Main Pressure Reducing Station at the southwest corner of the old Filter Plant building.

Mr. Cafferty stated that staff determined the pipeline to be an old air relief valve, and were able to isolate the leak and install a valve on the PVC connection. He further stated that staff will direct the contractor to remove the remaining pipe connection.

Mr. Cafferty stated that the water overflow caused significant damage to the slope in two locations. He further stated that the geotechnical consultant provided direction to the contractor for repairs to restore the stability of the slope.

Mr. Cafferty stated that REI submitted a Change Order amounting to \$32,677.48 for the slope repair in the first erosion area, and staff is waiting on a second repair amount and staff anticipates that the total slope repairs will exceed the General Managers authority.

Director Vergara asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Monin and unanimously carried across the Board to authorize the General Manager to issue a Change Order to REI in an amount not to exceed \$70,000 for slope repairs to mitigate erosion of the slope above the demolished clear well at the Filtration Plant Demolition Project.

Roll Call Vote:

Director Monin	aye
Director Gaskins	aye
Director Freshley	aye
Vice President Vergara	aye
President Havens	aye

Resolution No. 23-1-1 Direct Potable Reuse Feasibility Study Grant Application

Mr. Cafferty stated that this Resolution is authorizing staff to accept grant funding for the Direct Potable Reuse Feasibility Study from the US Bureau of Reclamation.

President Havens asked how much staff time would this take in pursuing the grant. Mr. Cafferty replied the application estimated approximately 100,000 dollars worth of labor to administer the grant and participate in the process with consultants.

Director Vergara asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Gaskins and unanimously carried across the Board to adopt Resolution No. 23-1-1 authorizing the General Manager or designee to apply for, receive, and enter into a cooperative agreement, and administer a grant for the 2023 Bureau of Reclamation WaterSMART: Water Recycling and Desalination Planning Grant.

Roll Call Vote:

Director Monin	aye
Director Gaskins	aye
Director Freshley	aye
Vice President Vergara	aye
President Havens	aye

General Information Items

Capital Projects Status Report

R-6 Reservoir Floating Cover and Liner Replacement Project

Mr. Cafferty stated that the contractor is installing liner material, with project completion anticipated in September 2023.

Mr. Cafferty stated that remedial work will be necessary on the perimeter road following construction, and is larger in scope than anticipated.

Filter Building Site Use Project

Mr. Cafferty stated that the project schedule has been impacted by additional asbestos material abatement and recent weather.

JTM Pump Station Project

Mr. Harnisch stated that project completion has been delayed due to recent weather, extended pipe fitting manufacturing, and electrical instrumentation manufacturing. He further stated that staff has finalized Change Order #2 which adds copper conductors in lieu of fiber optic cabling.

Grit Chamber Rehabilitation Project

Mr. Cafferty stated that this project was paused until the Headworks Rehabilitation Study was complete. He further stated that options for improved maintainability and energy efficiency of the grit removal system was evaluated.

Water and Sewer Master Plan Update

Mr. Cafferty stated that the bulk of the plan is complete, and staff is reviewing the report and providing comments to Carollo.

Pump Station Asset Management Plan

Mr. Cafferty stated that the consultants conducted workshops to review criticality of failure designations and recommendations, and will formalize the report in the second quarter of 2023.

Tertiary System Optimization

Mr. Cafferty stated that the next step is pursuing regulatory approval from the Division of Drinking Water for the disinfection methodology.

DAF Unit 2 Rehabilitation Project

Mr. Cafferty stated that staff issued a purchase order to Ovivo to pre-purchase long lead mechanical components.

WRP Main Electrical Power Breaker

Mr. Cafferty stated that staff anticipates delivery of the new ATS systems in August 2023. He further stated that installation of the breakers at the WRP is anticipated in the first quarter of 2023.

R-3 RMS Mixer Replacement

Mr. Cafferty stated that this project is complete and in service.

ETM Backflow Prevention Project

Mr. Cafferty stated that staff held review meetings with Dudek who progressed with delivery of 100% design submittal and bid document front ends and technical specifications in the first week of January 2023.

WRP Optimization Study

Mr. Cafferty stated that this study is complete.

Wash Press System at Headworks

Mr. Cafferty stated that installation is complete and startup and training is complete, and the system is in operation.

Effluent Pump Station Rehabilitation Project

Mr. Cafferty stated that the contractor has demobilized from the site and plans to return prior to the pump delivery date in May 2023. Mr. Harnisch stated that the motor manufacturer has experienced delays and anticipates a new shipment date of May 2023.

Caltrans I-5 Widening Utility Relocations

Mr. Cafferty stated that the District is awaiting reimbursements from Caltrans staff, and is working with their contractor for Phase C.

Revenue Bonds Expense Tracking

Mr. Cafferty stated that based on current net negative difference the new revenue bond funding available for the AMI project is \$4,900,432. He further stated that staff will be updating the table to reflect interest collected.

Energy Efficiency Analysis

Mr. Cafferty stated that staff continues to work on energy efficiency projects for the WRP and pump stations.

WRP Optimization Study

Mr. Cafferty stated that this study was focused on the waste activated cell that surrounds Clarifier No. 1 and the waste activated cell incurs significant electricity demand due to the 75-horsepower blower that continually aerates waste activated sludge upstream of the dissolved air flotation thickeners.

Mr. Cafferty stated that staff has met with Arcadis who provided the options to replace some components of Clarifier 1, or build a new secondary clarifier. He further stated that the most cost-effective solution was to rehabilitate the existing Clarifier 1 and eliminate the operation of the outer cell.

Mr. Cafferty stated that the plan now is to initiate design of the modifications next year for potential construction in 2024/25.

Warehouse Project Status Report

Mr. Cafferty stated that demolition is nearing completion, and design and construction of a new warehouse and EOC is underway. He further stated that WEROC has had difficulty finding funding to build a new EOC on the site, and they are also reviewing other locations.

Mr. Cafferty stated that the purpose of the new warehouse is to store electrical components, spare motors, spare pumps, the potable water trailer, and the potable generators.

Director Monin stated that he is not in favor of this project and feels the cost is not justified. Director Havens, Director Gaskins, Director Vergara and Director Freshley each expressed support for the project. Mr. Cafferty stated, with the understanding of the support of the majority of the Board, staff will solicit construction bids for the Warehouse project anticipating an action item for award of a construction contract at the

March Engineering Committee meeting.

Engineering Items Discussed at Various Conferences and Meetings

There were no comments.

Comments Regarding Non-Agenda Engineering Committee Items

There were no comments.

Adjournment

There being no further business, the Engineering Committee meeting was adjourned at approximately 10:06 a.m.

Recess

Attorney Report

Mr. Granito reported that there is no need for a Closed Session today, and as such the Regular Session resumed.

Adjournment

At approximately 10:07 a.m. the meeting was adjourned.

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

KAY HAVENS, President
of the El Toro Water District and the
Board of Directors thereof

DENNIS P. CAFFERTY, Secretary
of the El Toro Water District and the
Board of Directors thereof



STAFF REPORT

To: Board of Directors

Meeting date: February 21, 2023

From: Scott Hopkins, Operations Superintendent
Dennis P. Cafferty, General Manager

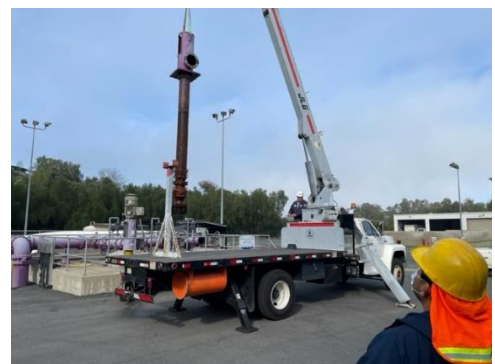
Subject: Boom Truck Replacement

INTRODUCTION AND BACKGROUND

The District Boom Truck is used by District operators on a regular basis in the course of maintenance of a variety of District facilities. It is used frequently to remove and install pumps at water and wastewater pump stations. Pump stations with vertical turbine pumps, such as the Recycled Water Pump Station, rely on the Boom Truck for any type of pump maintenance. There are also certain District pump stations at which the pumps can only be accessed with the Boom Truck. It is further used for the installation of a variety of other heavy equipment such as motor control centers. The extended bed on the Boom Truck provides additional transport benefit for other equipment such as pumps, traffic plates and other miscellaneous equipment and material. Staff also has the ability to use a two-man basket platform that can be raised by the Boom Truck to position staff safely to work on elevated equipment without the use of a ladder.

The Boom Truck provides a critical resource for emergency response. The District also has a history of responding to neighboring agency requests for Boom Truck assistance.

Operation of the Boom Truck requires specific certification. The District currently has 14 certified Boom Truck operators in the Operations Department.



DISCUSSION

The current Boom Truck is a 1991 Ford F700 that is now 32 years old. It is becoming increasingly difficult to maintain the vehicle with many parts becoming obsolete and extremely difficult to source. The current vehicle engine is underpowered and the hydraulic system on the boom system has been rebuilt multiple times. The existing Boom Truck does not meet AQMD emissions requirements. Evolving regulations are anticipated to jeopardize the ability to operate the Boom Truck in the future. The existing Boom Truck is limited due to the inability to lift over the front of the vehicle and the extended space required for the outriggers which creates access issues at certain sites. The existing Boom Truck has served the District well over three decades but has clearly exceeded its expected useful life. Due to the issues associated with maintenance, current regulatory compliance, future regulatory challenges, operational efficiency and safety, the time has come to replace this critical piece of equipment.



PROPOSED EQUIPMENT

The proposed new Boom Truck is Manitex 26101C 26-ton crane mounted on a 2024 Freightliner chassis supplied by the Alt Sales Corp. The proposed Boom Truck has the capacity to lift as much as 26 tons which represents a significant improvement from the current 9.5 ton lifting capacity. The proposed Boom Truck resolves the current limitations as well as the AQMD emissions issue. The new Boom Truck will be better equipped to meet the District's needs. The lifting capacity, ability to lift 360 degrees, narrower outrigger spacing requirements and AQMD tier 4 air quality standards compliance all represent improvements over the existing Boom Truck.



BUDGET

Staff originally proposed to procure the new Boom Truck through Sourcewell. Sourcewell is a self-sustaining government organization

that offers member agencies nationally solicited, competitively bid contract purchasing solutions. The original quote, provided in February 2022 from a Sourcwell vendor, identified a cost of \$315,000. The adopted 2022-23 capital budget for the replacement Boom Truck was based on that quote. In November 2022 an updated quote increased the cost to \$365,000 based on inflationary cost increases. Prior to recommending the purchase to the Board, staff requested the vendor provide a current proposal in January 2023. At that point the price had increased to \$415,000 with a lead time of 12-24 months. Concerned about the 32% price increase in less than a year as well as the extended delay to acquire the equipment, Staff began to conduct further research into alternative vendors in an effort to reduce cost and lead time.

Staff successfully identified another vendor, Alt Sales Corp., that indicated they could provide the critical equipment in far less time. Staff engaged in detailed discussions regarding the specifications of the equipment to ensure it met the District's needs. The proposed Boom Truck is actually an improvement over the previous alternative with greater capacity at a lower cost and lead time. The proposed Manitex 26101C 26-ton Boom Truck cost is \$360,633 and will be available within four months of order.

Sales tax, in the amount of \$27,949.06 will be paid upon registering the vehicle in California. The total cost to replace the Boom Truck is therefore \$388,582.06. The total cost exceeds the \$315,000 budget. As previously noted, the budget was based on a quote provided in February of last year. It was a recent quote at the time the budget was prepared but did not anticipate the rapid inflation experienced in 2022. The District, as well as its neighboring agencies, have recently experienced rapid price increases on a variety of projects and equipment. The District has adequate capital reserves to fund the budget exceedance.

RECOMMENDATION

Staff recommends that the Board of Directors authorize the General Manager to issue a purchase order contract with Alt Sales Corp. in the amount of \$360,633.00 for the purchase of a replacement Boom Truck. Staff further recommends that the Board authorize the General Manager to fund the purchase cost from the designated Capital Reserves in accordance with the District's adopted Capital Reserve Policy.



STAFF REPORT

To: Board of Directors

Meeting Date: January 23, 2023

From: Dennis P. Cafferty, General Manager

Subject: Main Office HVAC Improvement Project Change Order

BACKGROUND

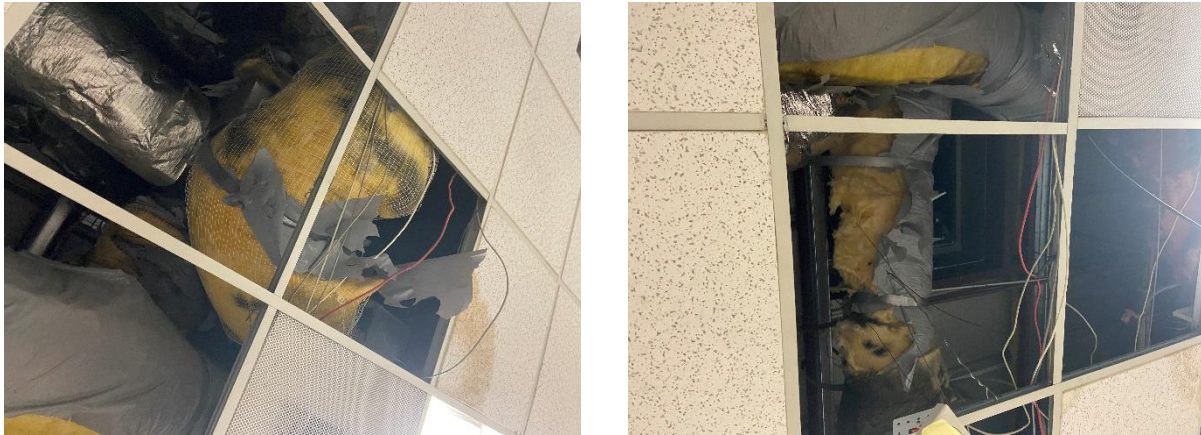
In August, 2022 the Board approved award of a contract to Empire Design & Build LLC in the amount of \$230,000 for the construction of the Main Office HVAC Improvement Project.

The Main Office building has been closed since November 28th. The project was originally scheduled to be complete by January 23, 2023. The project contractor, Empire Design and Build (Empire), has completed the structural upgrades to the roof as well as the installation of the new HVAC units.



DUCT WORK REPLACEMENT

During an inspection associated with the project permit, the City of Lake Forest inspector observed that the existing duct insulation had significantly deteriorated. The inspector required correction and repairs of the ductwork before final inspection. The District contracted with a mechanical engineer, GMEP, to assess the condition of the existing ducts and provide direction to the contractor for necessary repairs.



District staff provided the mechanical engineer's direction to the contractor and met on-site to discuss the required scope of work. While the direction referred only to repairs associated with the ductwork insulation, the HVAC subcontractor identified multiple other repairs that would be necessary to successfully pass the air balance test necessary for the final City inspection. These repairs included:

- Repair multiple leaks in the ductwork
- Install multiple manual valve dampers
- Reconnect loose and disconnected air ducting
- Repair the insulation per the mechanical engineer's direction

The contractor submitted a change order in the amount of \$95,340 for the above scope of work. District staff asked the contractor to break down the cost by scope item and further include a breakdown of labor and material costs. The contractor refused to provide this detail.

District staff subsequently met with the District's current HVAC maintenance contractor, Alicia Air, to get evaluate the necessary scope of work. After reviewing the site Alicia Air suggested it may make more sense to completely replace the entire HVAC duct system. Staff quickly determined the replacement of the entire duct system would provide significant benefits to the overall HVAC system. The installation of new ductwork would immediately resolve all of the repair work in a more complete fashion that the piecemeal effort to identify deteriorated ducts and sources of leaks. The entire HVAC system would essentially be new and far more efficient.

Staff requested Alicia Air provide a proposal for the complete replacement of the duct system. Alicia Air is preparing a proposal in an amount not of \$75,000 and indicated the work could be complete in approximately 3-4 weeks from issuance of a contract.

BUDGET

The proposed replacement of the duct system is significantly cheaper than the repair cost proposed by the existing HVAC project contractor. The replacement will further eliminate any of the unknowns associated with the repair.

A construction contingency of \$23,000 was included in the project budget at the time of award of the original construction contract. Table 1 includes the total project costs to date, including the Alicia Air contract, in comparison to project contingency. The significant budget overage is a reflection of the challenges inherent in the rehabilitation of a 40-year old building and upgrades necessary to meet current code requirements.

Table 1- Filter Building and Clearwell Demolition Project Unforeseen Project Costs

Organization	Description	Cost
Empire Design & Build LLC	Construction Contract	\$230,000
RPM	ESDC	\$4,000
Scott Wallace SE	ESDC	\$2,500
	Construction Contingency	\$23,000
Total		\$259,500
	Project Change Orders	\$46,180
GMEP	Duct Repair Assessment	\$6,200
AIS Fire Protection	Fire Monitoring System Plan	\$700
Johnson Controls, Inc.	Duct Detector Wiring	\$11,072
Remaining Contingency		(\$41,152)
Alicia Air	Duct System Replacement	\$75,000
Overage		(\$116,152)

Recommended Action:

Staff recommends that the Board of Directors authorize the General Manager to issue a contract to Alicia Air in the amount of \$75,000 for the replacement of the HVAC ductwork in the Main Office Building. Staff further recommends that the Board authorize the General Manager to fund the project costs from the District's Capital Reserves in accordance with the District's adopted Capital Reserve Policy.



STAFF REPORT

To: Board of Directors

Meeting Date: February 21, 2023

From: Dennis Cafferty, General Manager

Subject: Capital Project Status Report

I. R-6 Reservoir Floating Cover and Liner Replacement Project

The draining of the R-6 Reservoir was complete in December. The contractor (Layfield) has completed removal of the existing cover material. Much of the drainage piping and electrical work in the perimeter road has been completed and the 24" outlet valves have been installed. The contractor has taken delivery of approximately 85% of the liner material and has completed installation of approximately 45% of the new liner. Photos of the liner installation can be found in Figure 2. The liner installation is expected to be complete by the end of March at which point the contractor will begin installation of the new cover. Substantial project completion is scheduled to occur at the end of September 2023.

The existing contract anticipated that remedial work would be necessary on the perimeter road following construction. As shown in Figure 1, due to the wet conditions in January and the heavy construction traffic, the road has experienced significant deterioration. The contractor has been directed to take remedial measures, on a time and materials basis, to maintain safety and constructability. Staff will continue to evaluate the condition of the road and will work with the contractor to refine the necessary scope of paving work towards the end of the project.

Table 1 summarizes the total budget, timeframe, and percent complete for the current construction contract with Layfield.

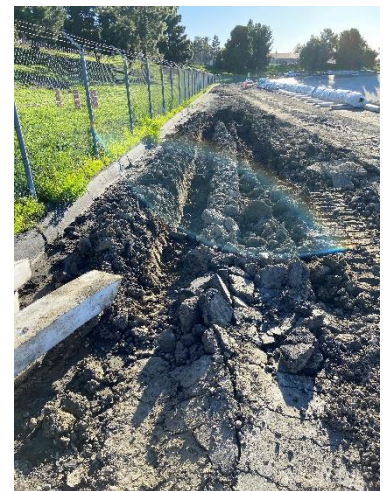
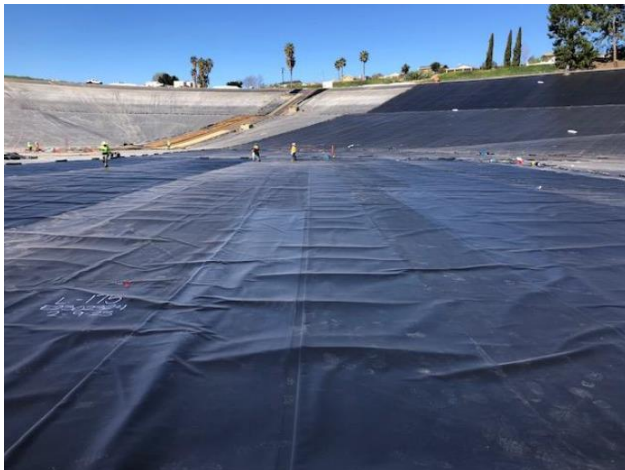
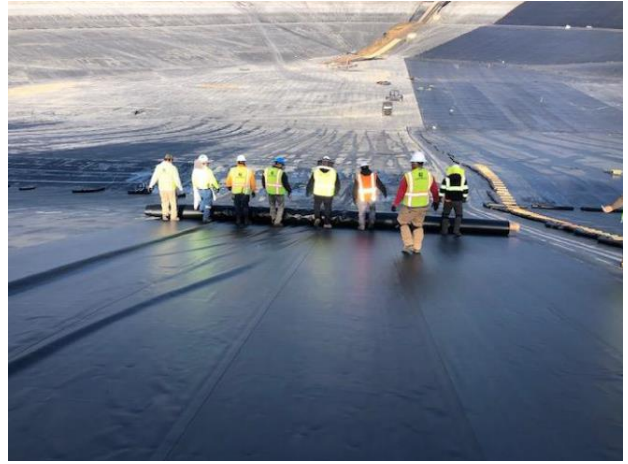


Figure 1
Perimeter Road Paving
Deterioration

Table 1
R-6 Floating Cover and Liner Replacement Schedule
and Budget Status

Construction Contract	Total	Invoiced to Date	Percent Complete
Budget	\$23,608,825	\$8,766,210	37%
Schedule	August 18, 2022 – September 30, 2023		46%

Figure 2 - Liner Installation



II. Filter Building Site Use Project

Resource Environmental, Inc. (REI) has completed the majority of the demolition work and is currently working on backfill operations as illustrated in Figures 3 - 6.

The project schedule has recently been impacted by the availability of quality material suitable for import and backfill. Staff anticipates the completion of backfill operations by the end of February. Upon completion of the backfill REI will complete the blind flange installations necessary for certain pipeline abandonments. Final project completion of the Filter Building demolition is expected to occur by mid-March. Staff continues to work with REI to finalize the proposed change order costs for the southside slope remediation.

The Warehouse project is out to bid. Five contractors attended a mandatory pre-bid meeting on February 14. Staff is communicating with WEROC regarding the status of the WEROC EOC project to determine any design changes that might be appropriate if the WEROC EOC is never going to be built.

Table 2 summarizes the total budget, timeframe, and percent complete for the demolition contract. Weather driven delays have extended the project duration. Staff is working with REI to amend the contract schedule.

Table 2 – Filter Plant Demolition Schedule and Budget Status

Construction Contract	Total	Paid to Date	Percent Complete
Budget	\$685,000	\$456,713	67%
Schedule	September 1, 2022 – February 1, 2023		100%



Figure 3 – Clearwell Sand Removal



Figure 4 – Backfill Import Material



Figure 5 – Backfill Compaction



Figure 6 – Backfill Operations

III. Joint Transmission Main (JTM) Pump Station Project

District staff continues to work with the contractor, J.R. Filanc Construction Co. (Filanc), during the construction of the JTM pump station. Filanc finished mechanical installation of the pump and piping, installed the temporary MCC and performed civil activities with the exception of final paving as seen in Figure 7. Filanc's subcontractor is finalizing remaining electrical activities. This work includes change order work due to additional labor and materials to install the cabling from the existing SCWD enclosure on Moulton Parkway to a pull box near the JTM MCC.



Figure 7 – Pump Station

District staff met with SCWD operations staff to coordinate the operation of the JTM Pump Station during commissioning activities and daily operations while the R-6 Reservoir is out of service. District staff then met with Filanc to further define commissioning activities based on SCWD constraints and the District's ability to accept water into the Gravity Zone. Commissioning is scheduled to commence at the end of February.

Staff is currently waiting on delivery of the pre-purchased MCC, which is scheduled to be delivered late July 2023. Table 3 summarizes the total budget, timeframe, and percent complete for Filanc's construction contract. Filanc will be invoicing for remaining mechanical and civil work less commissioning activities in late February which is why the budget expenditure remains below schedule completion.

Table 3 – JTM Pump Station Schedule and Budget Status

Construction Contract	Total	Paid to Date	Percent Complete
Budget	\$499,194.22 ¹	\$281,532	57%
Schedule	August 19, 2022 – March 10, 2023		92%

¹Original contract value plus Change Order 1 which amounted to \$1,806.93, Change Order 2 which amounted to \$14,098.82, and Change Order 3 which amounted to \$8,288.47.

IV. Main Office HVAC Improvement Project

The Main Office building has been closed since November 28th. The project was originally scheduled to be complete by January 23, 2023. The project contractor, Empire Design and Build, has completed the structural upgrades to the roof as well as the installation of the new HVAC units. During construction staff became aware of code compliance issues requiring duct smoke detectors and the subsequent connection of the detectors to the existing fire monitoring system. After evaluating quotes from three different fire protection contractors and detailed discussions with Orange County Fire Authority to interpret code requirements, Staff issued a contract to Johnson Controls, Inc. in the amount of \$11,071.79 to complete the integration of the duct detectors into the existing fire monitoring system. This work is expected to be complete by mid-March.

The issues associated with the existing HVAC duct system are described in detail in Agenda Item No. 9.

V. Grit Chamber Rehabilitation Project

The grit chamber project design is being modified to incorporate the recommendations defined in the Headworks Rehabilitation Study presented to the Board at the December Engineering Committee Meeting. District staff continues to work with Carollo to develop the design modifications necessary to update the Grit Chamber project construction drawings. Once completed Staff will work with the current construction contractor, SS Mechanical, to determine the financial and schedule impacts to the overall project.

VI. Water and Sewer Master Plan Update

The bulk of the Mater Plan effort is complete. The team continues to refine recommendations that will resolve water quality issues in the Northwest of the District's distribution system and improve Aliso Creek lift station operations. Carollo will summarize these recommendations, results from the hydraulic modeling, and additional operational changes that could improve efficiency in an upcoming report. Table 4 summarizes the total budget, timeframe, and percent complete for this project.

Table 4 – Water and Sewer Master Plan Update Schedule and Budget Status

Design Contract	Total	Paid to Date	Percent Complete
Budget	\$358,319 ¹	\$348,762	97%
Schedule	March 23, 2022 – January 1, 2023		100%

¹Includes an additional \$8,367 for District staff training on the new water model as well as consultant support to run up to 10 fire flows.

VII. Pump Station Asset Management Plan

The consultant, Hazen and Sawyer, conducted workshops to review criticality of failure designations as well as CIP recommendations. Remaining work, such as formalizing the report and determining the computerized maintenance management system integration with asset management will take place in the second quarter of 2023.

Table 5 summarizes the total budget, timeframe, and percent complete for this project.

Table 5 – Pump Station Asset Management Plan Schedule and Budget Status

Contract	Total	Paid to Date	Percent Complete
Budget	\$132,179	\$70,170	53%
Schedule	October 3, 2022 – May 31, 2023		62%

VIII. Tertiary System Optimization

Staff presented the results of the Tertiary System Optimization Study at the December Engineering Committee Meeting. The recommended low CT free chlorination alternative will de-couple the Recycled Water Storage Tank and Chlorine Contact Tank by moving the compliance point to the Tertiary Effluent Transfer Pump Station (TETPS) end of the CCT. The low CT free chlorination alternative is anticipated to reduce chlorination costs as well as increase the operational storage in the Recycled Water Storage Tank thereby reducing the need for potable water supplement during high recycled water demand periods.

Staff contracted with Trussell Tech to develop the Technical Memorandum necessary to solicit approval of the disinfection methodology from the Division of Drinking Water. Staff held a kick-off meeting with Trussell Tech on January 19. WRP staff is assembling the operation and maintenance (O&M) and control strategy for chlorine dosing documentation to provide to Trussell Tech. WRP staff intends on delivering said documentation to Trussell Tech by late February. The Trussell Tech schedule indicates submittal of a draft Technical Memorandum to the District by the end of February and a review process with DDW that will likely extend through August.

IX. DAF Unit 2 Rehabilitation Project

The District issued a purchase order to the original equipment manufacturer, Ovivo, to pre-purchase long lead time mechanical components in December 2022. District staff is reviewing the equipment submittal documents and will release for fabrication upon completion of the submittal review. The Ovivo projected delivery date for the mechanical equipment is October 2023. District staff plans to develop construction bid documents for the installation of the pre-purchased equipment by July 2023.

X. WRP Main Electrical Power Breaker

District staff issued the purchase order for the new ATs and anticipates delivery in August 2023. In parallel, District staff is working with Schneider Electric to install the breakers at the WRP in the first quarter of 2023. Table 6 summarizes the total budget, timeframe, and percent complete for this project.

XI. Effluent Transmission Main (ETM) Backflow Prevention Project

The consultant, Dudek, delivered the final design to District Staff in late January 2023. The District reviewed the design documents and provided notice of inviting bid notifications to various contractors. Last week District and WRP staff held a mandatory pre-bid meeting with four prospective bidders. Staff plans to recommend issuance of a construction contract at the March Board Meeting.

The District previously issued the purchase order and subsequently approved submittals for the pre-purchased Surgebuster check valve in mid-December 2022 and expects delivery in June 2023. Staff also maintains communication with IRWD Operations to verify they can still accommodate a 3-day shutdown of the ETM in a June or July 2023 time period.

Table 6 summarizes the total budget, timeframe, and percent complete for this design.

Table 6 – Effluent Transmission Main (ETM) Backflow Prevention Project Schedule and Budget Status

Design Contract	Total	Paid to Date	Percent Complete
Budget	\$22,140	\$20,663	94%
Schedule	October 10, 2022 – January 31, 2023		100%

XII. Effluent Pump Station Rehabilitation Project

In early January the contractor, Filanc, notified District staff that the motor manufacturer, Nidec, has experienced manufacturing delays and projects the pump and motor shipment date to be early May 2023. Filanc, is demobilized from the site and plans to return prior to the pump delivery date in May 2023. Staff continues to coordinate with Filanc for this event and remaining contract work.

Table 7 summarizes the total budget, timeframe, and percent complete for Filanc’s construction contract. Staff approved a schedule extension until March and a \$3,221.14 change order to include epoxy coating of the pump’s interior. In March of 2023 staff plans to work with Filanc to obtain a more definitive construction schedule to include the pump delivery delay and remaining activities.

Table 7 – Effluent Pump Station Construction Schedule and Budget Status

Construction Contract	Total	Paid to Date	Percent Complete
Budget	\$390,221 ¹	\$80,250	21%
Schedule	March 23, 2022 – March 15, 2023		94%

¹Original contract value plus Change Order 1 which amounted to \$3,221.14. Does not include anticipated deduct of \$20,000.

XIII. Caltrans I-5 Widening Utility Relocations

Staff is processing project reimbursement from Caltrans staff while also coordinating efforts with the Caltrans contractor and Caltrans construction management team for Phase C activities.

Table 8 summarizes the total budget, timeframe, and percent complete for Paulus’ construction contract. The project is split into three segments: Phase A, B, and C. Phase A work was completed between September and October of 2020. Phase B was completed on the first week of October 2022. Phase C will take place in mid-2023 including relocation of two fire hydrants and an irrigation meter.

Table 8 – Caltrans I-5 Widening Utility Relocations Construction Schedule and Budget Status

Construction Contract	Total	Paid to Date	Percent Complete
Budget (Phase B)	\$109,828 ¹	\$109,828	100%
Budget (Total Project)	\$639,235 ²	\$587,410	92%
Schedule (Phase B)	September 19, 2022 – October 4, 2022		100%

¹Caltrans will be reimbursing the District for Phase B per utility agreement 12-UT-1450 and 12-UT-1451.

²Original contract value of \$769,777 plus deductive Change Order 1 for \$141,531 finalized in November 2020 and Change Order 2 for \$10,989.

XIV. Revenue Bond Expense Tracking

District staff have been closely tracking project actuals compared to revenue bond budget, as summarized in Table 10. Based on the current net negative difference of all budgeted projects, the net revenue bond funding available for the AMI project is \$4,900,432.

Table 10 –Revenue Bond Expense Tracking

Projects	Revenue Bond Budget	Actual	Difference
R-6 Floating Cover and Liner Replacement Project	\$9,776,400	\$11,880,187	(\$2,103,787)
South County Pipeline Turnout Project	\$3,000,000	\$3,000,000 ¹	\$0
Joint Transmission Main Pump Station	\$2,400,000	\$989,546	\$1,410,454
Water Filtration Plant Reuse Project	\$2,917,000	\$3,538,915 ¹	(\$621,915)
SOCWA Capital Projects	\$9,974,000	\$9,974,000 ^{1,2}	\$0
AMI Remote Meter Reading	\$6,161,900	\$6,161,900 ¹	\$0
Total Project Costs	\$34,229,300	\$35,490,768	(\$1,261,468)
Capital Reserves	(\$6,428,700)		
Release of Restricted SRF Reserves	(\$2,270,000)		
Total Funding Needed	\$25,530,600		

¹Contains some costs that remain estimates (not yet bid).

²Actual represents capital required for the next five years FY 2022/23 through 2026/27 is estimated at \$7,374,183. Excess revenue bond funding above this amount (anticipated at \$2,599,818) will be applied to the following years of SOCWA capital needs.

XV. Energy Efficiency Analysis

District staff continues to work on developing the recommended energy efficiency projects for the WRP and pump stations. Table 17 summarizes the projects staff are developing. Staff continues coordination with SCE to re-test the pump stations that have been rehabilitated since last testing, SoCalREN to obtain a rebate on the ammonia analyzer implementation, and Wildan for the replacement of inefficient pumps and motors.

Table 17 – Energy Efficiency Progress Summary

Facility	Recommended Project	Projected Savings (kWh/yr)	Budgetary Cost	Projected Payback (years) ⁽¹⁾	Status
WRP					
ABAC based Aeration Control	Introduce ammonia-based aeration control (ABAC) in aeration basins.	334,000	\$84,000	1.7	Will install once rebate has been obtained through SoCalREN and SCE.
WAC Rehabilitation	Eliminate waste activated clarifier (WAC) sludge blower. Replace with polymer addition.	147,000	\$112,000	4.9	Will remove WAC operation and its associated blower as part of Secondary Clarifier No. 1 Rehabilitation Project.
Odor Control System Optimization	Install H ₂ S analyzers for trimming and VFDs on blowers.	29,000	\$31,000	5.0	Will evaluate as part of next year’s WRP asset management work.
Aerated Grit Chamber Optimization	Optimize blower for aerated grit chamber.	54,000	\$65,000	5.6	Developing design scope to add to Grit Chamber Rehabilitation Project.
RAS Pump Optimization	Flow pace and trim based on sludge blanket monitoring.	113,000	\$156,000	6.4	Will evaluate as part of next year’s WRP asset management work.
Aeration Distribution Optimization	Automate valves on droplegs to zones of aeration basins.	94,000	\$254,000	12.5	
Large Bubble Mixing in Equalization Basin	Replace mixing pumps with large bubble diffusers.	235,000	\$880,000	17.3	
Water Pump Stations					
P-1	Rehabilitate due to degraded efficiency.	98,000	\$107,000	6.4	Included in FY 24/25 CIP budget.
P-4	Following recent testing, rehabilitate due to degraded efficiency.	62,000	\$92,000	12.1	Confirming possible rebate with Wildan. Costs have increased significantly from FY 22/23 budget of \$59,000.
Cherry	Rehabilitate due to end of service life.	12,000	\$29,000	12.1	Included in FY 24/25 CIP budget. Based on pump station asset management evaluation only one pump needs to be replaced from an energy efficiency perspective.
Shenandoah	Rehabilitate due to degraded efficiency.	33,000	\$43,000	6.8	Deferred based on pump station asset management evaluation. Current

					condition and efficiency do not warrant replacement.
Spartan	Rehabilitate due to degraded efficiency.	59,000	\$29,000	3.5	Replacing one pump with existing new spare and rehabilitating old pump.
Towers	Potentially rehabilitate due to degraded efficiency based on November 2015 test data.	1,488	\$12,000	5.4	Waiting for results of completed SCE test.
Sewer Lift Stations					
Aliso Creek – Pump 1	Tested in April 2021, and pump and motor were replaced thereafter in December 2021.	37,276	\$30,000	7.3	Waiting for results of completed SCE test.
Aliso Creek – Pump 2	Pump and motor were replaced in September 2020 and SCE testing conducted in April 2021. Evaluate deficiencies to understand causation of rapid efficiency decline in one of the duty pumps.	87,000	\$36,000	3.1	Conducting a pressure and head test to identify hydraulic issues of the lift station. Will include a rehabilitation project in FY 23/24 CIP budget.
Northline – Pump 3	Pump and motor were replaced in January 2020 and SCE testing conducted in April 2021. Evaluate deficiencies to understand causation of rapid efficiency decline in one of the duty pumps.	24,000	\$18,000	4.5	Operations staff indicate that Northline Pump 3 is under frequent strain because it serves to regularly pump down the wet well, at which time it is subject to poor suction conditions.
Westline	Following recent testing, defer rehabilitation for another 5 years.	13,000	\$20,000	7.2	Efficiency has not yet significantly degraded to merit rehabilitation.
Freeway	Potentially rehabilitate due to degraded efficiency based on October 2015 test data.	75,457	19,500	1.7	Waiting for results of completed SCE test.
Veoh – Pumps 3 and 4	Potentially rehabilitate due to degraded efficiency based on September 2015 test data.	33,828	11,000	2.1	Waiting for results of completed SCE test.

⁽¹⁾Does not include potential rebate from SCE.

EL TORO WATER DISTRICT

Glossary of Water Terms

Accumulated overdraft: The amount of water necessary to be replaced in the intake area of the groundwater basin to prevent the landward movement of ocean water into the fresh groundwater body.

Acre-foot, AF: A common water industry unit of measurement. An acre-foot is 325,851 gallons, or the amount of water needed to cover one acre with water one foot deep. An acre-foot serves annual needs of two typical California families.

ACWA: Association of California Water Agencies.
A statewide group based in Sacramento that actively lobbies State and Federal Government on water issues.

Advanced treatment: Additional treatment processes used to clean wastewater even further following primary and secondary treatment. Also known as tertiary treatment.

AFY: Acre-foot per year.

Alluvium: A stratified bed of sand, gravel, silt, and clay deposited by flowing water.

AMP: Allen McCulloch pipeline.

Major pipeline transporting treated water to water districts between Yorba Linda, where it starts to El Toro Water District reservoir, where it terminates.

Annexation: The inclusion of land within a government agency's jurisdiction.

Annual overdraft: The quantity by which the production of water from the groundwater supplies during the water year exceeds the natural replenishment of such groundwater supplies during the same water year.

Aqueduct: A man-made canal or pipeline used to transport water.

Aquifer: An underground geologic formation of rock, soil or sediment that is naturally saturated with water; an aquifer stores groundwater.

Arid: Dry; deserts are arid places. Semi-arid places are almost as dry as a desert.

Artesian: An aquifer in which the water is under sufficient pressure to cause it to rise above the bottom of the overlying confining bed, if the opportunity is provided.

Artificial recharge: The addition of surface water to a groundwater reservoir by human activity, such as putting surface water into recharge basins. (See also: groundwater recharge and recharge basin.)

AWWA American Water Works Association
Nationwide group of public and private water purveyors and related industrial suppliers.

Base flow: The portion of river surface flow which remains after deduction of storm flow and/or purchased imported water.

Bay-Delta: The Sacramento-San Joaquin Bay-Delta is a unique natural resource of local, state and national significance. The Delta is home to more than 500,000 people; contains 500,000 acres of agriculture; provides habitat for 700 native plant and animal species; provides water for more than 25 million Californians and 3 million acres of agriculture; is traversed by energy, communications and transportation facilities vital to the economic health of California; and supports a \$400 billion economy.

BIA: Building Industry Association.

Biofouling: The formation of bacterial film (biofilm) on fragile reverse osmosis membrane surfaces.

Biosolids: Solid organic matter recovered from a sewage treatment process and used especially as fertilizer.

BMP: Best Management Practice. An engineered structure or management activity, or combination of these, that eliminates or reduces adverse environmental effects.

Brackish water: A mixture of freshwater and saltwater.

Brown Act: Ralph M. Brown Act enacted by the State legislature governing all meetings of legislative bodies. Also known as the Open Meeting requirements.

Canal: A ditch used to move water from one location to another.

CASA: California Association of Sanitation Agencies The sanitation equivalent of ACWA concerned solely with issues affecting the treatment and disposal of solid waste and wastewater.

CEQA: California Environmental Quality Act.

CERCLA: Comprehensive Environmental Response, Compensation and Liability Act. This federal law establishes the Superfund program for hazardous waste sites. It provides the legal basis for the United States EPA to regulate and clean up hazardous waste sites, and if appropriate, to seek financial compensation from entities responsible for the site.

CFS: Cubic feet per second.

Chloramines: A mixture of ammonia and chlorine used to purify water.

Clarify: To make clear or pure by separation and elimination of suspended solid material.

Coagulation: The clumping together of solids so they can more easily be settled out or filtered out of water. A chemical called aluminum sulfate (alum) is generally used to aid coagulation in water treatment and reclamation.

Coastkeepers: A non-profit organization dedicated to the protection and preservation of the marine habitats and watersheds of Orange County through programs of education, restoration, enforcement and advocacy.

Colored water: Groundwater extracted from the basin that is unsuitable for domestic use without treatment due to high color and odor exceeding drinking water standards.

Condensation: The process of water vapor (gas) changing into liquid water. An example of condensation can be seen in the tiny water droplets that form on the outside of a glass of iced tea as warmer air touches the cooler glass.

Confined aquifer: An aquifer that is bound above and below by dense layers of rock and contains water under pressure.

Conjunctive use: Storing imported water in a local aquifer, in conjunction with groundwater, for later retrieval and use.

Contaminate: To make unclean or impure by the addition of harmful substances.

CPCFA: California Pollution Control Financing Authority. State agency providing funds for wastewater reclamation projects.

Crisis:

1. **a:** The turning point for better or worse **b:** a paroxysmal attack of pain, distress, or disordered function **c:** an emotionally significant event or radical change of status in a person's life <a midlife crisis>
2. The decisive moment (as in a literary plot)
3. **a:** An unstable or crucial time or state of affairs in which a decisive change is impending; *especially* : one with the distinct possibility of a highly undesirable outcome <a financial crisis> **b:** a situation that has reached a critical phase

CTP Coastal Treatment Plant

CWPCA California Water Pollution Control Association. A 7000 member non-profit educational organization dedicated to water pollution control.

Dam: A barrier built across a river or stream to hold water.

Decompose: To separate into simpler compounds, substances or elements.

Deep percolation: The percolation of surface water through the ground beyond the lower limit of the root zone of plants into a groundwater aquifer.

Degraded water: Water within the groundwater basin that, in one characteristic or another, does not meet primary drinking water standards.

Delta: Where the rivers empty; an outlet from land to ocean, also where the rivers deposit sediment they carry forming landforms.

Delta Vision: Delta Vision is intended to identify a strategy for managing the Sacramento-San Joaquin Delta as a sustainable ecosystem that would continue to support environmental and economic functions that are critical to the people of California.

Demineralize: To reduce the concentrations of minerals from water by ion exchange, distillation, electro-dialysis, or reverse osmosis.

De-nitrification: The physical process of removing nitrate from water through reverse osmosis, microfiltration, or other means.

Desalting (or desalination): Removing salts from salt water by evaporation or distillation. Specific treatment processes, such as reverse osmosis or multi-stage flash distillation, to demineralize seawater or brackish (saline) waters for reuse. Also sometimes used in wastewater treatment to remove salts other pollutants.

Desilting: The physical process of removing suspended particles from water.

Dilute: To lessen the amount of a substance in water by adding more water.

Disinfection: Water treatment which destroys potentially harmful bacteria.

Drainage basin: The area of land from which water drains into a river, for example, the Sacramento River Basin, in which all land area drains into the Sacramento River. Also called catchment area, watershed, or river basin.

Drought: A prolonged period of below-average precipitation.

DPHS: California Department of Public Health Services. Regulates public water systems; oversees water recycling projects; permits water treatment devices; certifies drinking water treatment and distribution operators; supports and promotes water system security; provides support for small water systems and for improving technical, managerial, and financial (TMF) capacity; provides funding opportunities for water system improvements.

DVL: Diamond Valley Lake. Metropolitan's major reservoir near Hemet, in southwestern Riverside County.

DWR: California Department of Water Resources. Guides development/management of California's water resources; owns/operates State Water Project and other water facilities.

Endangered Species: A species of animal or plant threatened with extinction.

Endangered Species Act of 1973 (ESA): The most wide-ranging of the dozens of United States environmental laws passed in the 1970s. As stated in section 2 of the act, it was designed to protect critically imperiled species from extinction as a "consequence of economic growth and development untended by adequate concern and conservation.

Ecosystem: Where living and non-living things interact (coexist) in order to survive.

Effluent: Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

Evaporation: The process that changes water (liquid) into water vapor (gas).

Estuary: Where fresh water meets salt water.

Evapotranspiration: The quantity of water transpired (given off), retained in plant tissues, and evaporated from plant tissues and surrounding soil surface. Quantitatively, it is expressed in terms of depth of water per unit area during a specified period of time.

FCH Federal Clearing House – Environmental Review/Processing

FEMA Federal Emergency Management Agency

Filtration: The process of allowing water to pass through layers of a porous material such as sand, gravel or charcoal to trap solid particles. Filtration occurs in nature when rain water soaks into the ground and it passes through hundreds of feet of sand and gravel. This same natural process of filtration is duplicated in water and wastewater treatment plants, generally using sand and coal as the filter media.

Flocculation: A chemical process involving addition of a coagulant to assist in the removal of turbidity in water.

Forebay: A reservoir or pond situated at the intake of a pumping plant or power plant to stabilize water level; also, a portion of a groundwater basin where large quantities of surface water can recharge the basin through infiltration.

Gray water reuse: Reuse, generally without treatment, of domestic type wastewater for toilet flushing, garden irrigation and other non-potable uses. Excludes water from toilets, kitchen sinks, dishwashers, or water used for washing diapers.

Green Acres Project (GAP): A 7.5 million gallons per day (MGD) water reclamation project that serves tertiary treated recycled water to irrigation and industrial users in Costa Mesa, Fountain Valley, Huntington Beach, Newport Beach, and Santa Ana.

God Squad: A seven-member committee that is officially called the "Endangered Species Committee". Members consist of Secretary of the Interior, the Secretary of Agriculture, the Secretary of the Army, the Chairman of the Council of Economic Advisers, the Administrator of the National Oceanic and Atmospheric Administration and one individual from the affected state. The squad was established in 1978 by an amendment to the 1973 Endangered Species Act (ESA). It has only been called into action three times to deal with proposed federal agency actions that have been determined to cause "jeopardy" to any listed species. Such actions may receive an exemption from the ESA if five members of the committee determine that the action is of regional or national significance, that the benefits of the action clearly outweigh the benefits of conserving the species and that there are no reasonable and prudent alternatives to the action.

Groundwater: Water that has percolated into natural, underground aquifers; water in the ground, not water puddled on the ground.

Groundwater basin: A groundwater reservoir defined by the overlying land surface and the underlying aquifers that contain water stored in the reservoir. Boundaries of success-ively deeper aquifers may differ and make it difficult to define the limits of the basin.

Groundwater mining: The withdrawal of water from an aquifer in excess of recharge over a period of time. If continued, the underground supply would eventually be exhausted or the water table could drop below economically feasible pumping lifts.

Groundwater overdraft: The condition of a groundwater basin in which the amount of water withdrawn by pumping exceeds the amount of water that recharges the basin over a period of years during which water supply conditions approximate average.

Groundwater recharge: The action of increasing groundwater storage by natural conditions or by human activity. See also: Artificial recharge.

Ground Water Replenishment System (GWRS): A joint project of the Orange County Water District and the Orange County Sanitation District that will provide up to 100,000 acre-feet of reclaimed water annually. The high-quality water will be used to expand an existing underground seawater intrusion barrier and to replenish the groundwater basin underlying north and central Orange County.

Groundwater table: The upper surface of the zone of saturation (all pores of subsoil filled with water), except where the surface is formed by an impermeable body.

GPM: Gallons per minute.

Ground Water Replenishment System (GWRS): Orange County Water District's state-of-the-art, highly advanced, waste-water treatment facility.

Hydrologic balance: An accounting of all water inflow to, water outflow from, and changes in water storage within a hydrologic unit over a specified period.

Hydrologic cycle: The process of water constantly circulating from the ocean, to the atmosphere, to the earth in a form of precipitation, and finally returning to the ocean.

Imported water: Water that has originated from one hydrologic region and is transferred to another hydrologic region.

Inflatable rubber dams: Designed to replace temporary sand levees that wash out during heavy storm flow, the dams hold back high-volume river flows and divert the water into the off-river system for percolation.

Influent: Water or wastewater entering a treatment plant, or a particular stage of the treatment process.

Irrigation: Applying water to crops, lawns or other plants using pumps, pipes, hoses, sprinklers, etc.

JPIA Joint Powers Insurance Authority. A group of water agencies providing self-insurance to members of the ACWA.

LAIF Local Agency Investment Fund. Statewide pool of surplus public agency money managed by State Treasurer.

Leach: To remove components from the soil by the action of water trickling through.

MAF: Million acre feet.

MCL: Maximum contaminant level set by EPA for a regulated substance in drinking water. According to health agencies, the maximum amount of a substance that can be present in water that's safe to drink and which looks, tastes and smells good.

MET: Metropolitan Water District of Southern California.

MGD: Million gallons per day.

Microfiltration: A physical separation process where tiny, hollow filaments members separate particles from water.

Microorganism: An animal or plant of microscopic size.

MWD: Metropolitan Water District of Southern California.

MWDOC: Municipal Water District of Orange County. Intermediate wholesaler between MWD and 27 member agencies including ETWD.

Non-point source pollution: Pollution that is so general or covers such a wide area that no single, localized source of the pollution can be identified.

NPDES National Pollution Discharge Elimination System

OCBC: Orange County Business Council.

OCEMA Orange County Environmental Management Agency

OCWD: Orange County Water District.

Opportunity:

1. A favorable juncture of circumstances.
2. A good chance for advancement or progress .

Organism: Any individual form of life, such as a plant, animal or bacterium.

PCM Professional Community Management, Inc. Property Management company providing services to Laguna Woods Village and other homeowner associations.

Perched groundwater: Groundwater supported by a zone of material of low permeability located above an underlying main body of groundwater with which it is not hydrostatically connected.

Percolation: The downward movement of water through the soil or alluvium to the groundwater table.

Permeability: The capability of soil or other geologic formations to transmit water.

Point source: A specific site from which waste or polluted water is discharged into a water body, the source of which is identified. See also: non-point source.

Potable water: Suitable and safe for drinking.

PPB: Parts per billion.

Precipitation: Water from the atmosphere that falls to the ground as a liquid (rain) or a solid (snow, sleet, hail).

Primary treated water: First major treatment in a wastewater treatment facility, usually sedimentation but not biological oxidation.

Primary treatment: Removing solids and floating matter from wastewater using screening, skimming and sedimentation (settling by gravity).

Prior appropriation doctrine: Allocates water rights to the first party who diverts water from its natural source and applies the water to beneficial use. If at some point the first appropriator fails to use the water beneficially, another person may appropriate the water and gain rights to the water. The central principle is beneficial use, not land ownership.

Pumping Plant: A facility that lifts water up and over hills.

Recharge: The physical process where water naturally percolates or sinks into a groundwater basin.

Recharge basin: A surface facility, often a large pond, used to increase the infiltration of surface water into a groundwater basin.

Reclaimed wastewater: Wastewater that becomes suitable for a specific beneficial use as a result of treatment. See also: wastewater reclamation.

Reclamation project: A project where water is obtained from a sanitary district or system and which undergoes additional treatment for a variety of uses, including landscape irrigation, industrial uses, and groundwater recharge.

Recycling: A type of reuse, usually involving running a supply of water through a closed system again and again. Legislation in 1991 legally equates the term "recycled water" to reclaimed water.

Reservoir: A place where water is stored until it is needed. A reservoir can be an open lake or an enclosed storage tank.

Reverse osmosis: (RO) A method of removing salts or other ions from water by forcing water through a semi-permeable membrane.

RFP Request for Proposal

Riparian: Of or on the banks of a stream, river, or other body of water.

RO: Reverse osmosis. See the listing under "reverse osmosis."

R-O-W Right-of-way

Runoff: Liquid water that travels over the surface of the Earth, moving downward due to gravity. Runoff is one way in which water that falls as precipitation returns to the ocean.

RWQCB Regional Water Quality Control Board. State agency regulating discharge and use of recycled water.

Safe Drinking Water Act (SDWA): The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and ground water wells. (SDWA does not regulate private wells which serve fewer than 25 individuals.) SDWA authorizes the United States Environmental Protection Agency (US EPA) to set national health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants that may be found in drinking water. US EPA, states, and water systems work together to make sure that these standards are met.

Safe yield: The maximum quantity of water that can be withdrawn from a groundwater basin over a long period of time without developing a condition of overdraft, sometimes referred to as sustained yield.

SAFRA Santa Ana River Flood Protection Agency

Salinity: Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids - TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

SAWPA: Santa Ana Watershed Project Authority.

SCADA Supervisory Control and Data Acquisition

SCAP Southern California Alliance of Publicly. Newly formed group of public agencies seeking reasonable regulation of sewer industry.

SCH State Clearing House – Environmental Review/Processing

Seasonal storage: A three-part program offered by Metropolitan Water District of Southern California:

STSS (Short Term Seasonal Storage) financially encourages agencies with local groundwater production capabilities to produce a higher percentage of their demand in the summer from their local groundwater supplies, thus shifting a portion of their demand on the MWD system from the summer to winter;

LTSS (Long Term Seasonal Storage) financially encourages retail agencies to take and store additional amounts of MWD water above their normal annual demands for later use; Replenishment Water provides less expensive interruptible water that is generally available and used to increase the operating yield of groundwater basins.

Seawater intrusion: The movement of salt water into a body of fresh water. It can occur in either surface water or groundwater basins.

Seawater barrier: A physical facility or method of operation designed to prevent the intrusion of salt water into a body of freshwater.

Secondary treatment: The biological portion of wastewater treatment which uses the activated sludge process to further clean wastewater after primary treatment. Generally, a level of treatment that produces 85 percent removal efficiencies for biological oxygen demand and suspended solids. Usually carried out through the use of trickling filters or by the activated sludge process.

Sedimentation: The settling of solids in a body of water using gravity.

Settle: To clarify water by causing impurities/solid material to sink to a container's bottom.

Sewer: The system of pipes that carries wastewater from homes and businesses to a treatment plant or reclamation plant. Sewers are separate from storm drains, which is a system of drains and pipes that carry rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain water is not treated before it is discharged.

SigAlert: Any unplanned event that causes the closing of one lane of traffic for 30 minutes or more, as opposed to a planned event, like road construction, which is planned.

SJBA San Juan Basin Authority

Sludge: The solids that remain after wastewater treatment. This material is separated from the cleaned water, treated and composted into fertilizer. Also called biosolids.

SOCWA South Orange County Wastewater Authority. Regional Joint Powers Authority formed for collection and treatment of sewerage (previously known as AWMA/SERRA/SOCRA). SOCWA member agencies:

CSC – City of San Clemente

CSJC – City of San Juan Capistrano

CLB – City of Laguna Beach

ETWD – El Toro Water District

EBSD – Emerald Bay Service District

IRWD – Irvine Ranch Water District

MNWD – Moulton Niguel Water District

SCWD – South Coast Water District

SMWD – Santa Margarita Water District

TCWD – Trabuco Canyon Water District

SRF State Revolving Fund

Storm Drain: The system of pipes that carries rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain

water is not treated before it is discharged. Storm drains are separate from sewers, which is a separate system of pipes to carry wastewater from homes and businesses to a treatment plant or reclamation plant for cleaning.

Storm flow: Surface flow originating from precipitation and run-off which has not percolated to an underground basin.

SWP: State Water Project. An aqueduct system that delivers water from northern California to central and southern California.

SWRCB State Water Resources Control Board

TDS: Total dissolved solids. A quantitative measure of the residual minerals dissolved in water that remain after evaporation of a solution. Usually expressed in milligrams per liter.

Tertiary treatment: The treatment of wastewater beyond the secondary or biological stage. Normally implies the removal of nutrients, such as phosphorous and nitrogen, and a high percentage of suspended solids.

THM: Trihalomethanes. Any of several synthetic organic compounds formed when chlorine or bromine combine with organic materials in water.

TMA: Too many acronyms.

TMDL: Total maximum daily load; A quantitative assessment of water quality problems, contributing sources, and load reductions or control actions needed to restore and protect bodies of water.

Transpiration: The process in which plant tissues give off water vapor to the atmosphere as an essential physiological process.

Turbidity: Thick or opaque with matter in suspension; muddy water.

Ultraviolet light disinfection: A disinfection method for water that has received either secondary or tertiary treatment used as an alternative to chlorination.

VE Value Engineering

VOC: Volatile organic compound; a chemical compound that evaporates readily at room temperature and contains carbon.

Wastewater: Water that has been previously used by a municipality, industry or agriculture and has suffered a loss of quality as a result.

Water Cycle: The continuous process of surface water (puddles, lakes, oceans) evaporating from the sun's heat to become water vapor (gas) in the atmosphere. Water condenses into clouds and then falls back to earth as rain or snow (precipitation). Some precipitation soaks into the ground (percolation) to replenish groundwater supplies in underground aquifers.

Water rights: A legally protected right to take possession of water occurring in a natural waterway and to divert that water for beneficial use.

Water-use Efficiency: The water requirements of a particular device, fixture, appliance, process, piece of equipment, or activity.

Water year (USGS): The period between October 1st of one calendar year to September 30th of the following calendar year.

Watermaster: A court appointed person(s) that has specific responsibilities to carry out court decisions pertaining to a river system or watershed.

Water Reclamation: The treatment of wastewater to make it suitable for a beneficial reuse, such as landscape irrigation. Also called water recycling.

Watershed: The total land area that from which water drains or flows to a river, stream, lake or other body of water.

Water table: The top level of water stored underground.

WEF Water Environment Federation. Formerly – Water Pollution Control Federation (WPCF). International trade group advising members of sewage treatment techniques and their effect on the environment.

Weir box: A device to measure/control surface water flows in streams or between ponds.

Wellhead treatment: Water quality treatment of water being produced at the well site.

Wetland: Any area in which the water table stands near, at, or above the land surface for a portion of the year. Wetlands are characterized by plants adapted to wet soil conditions.

Xeriscape: Landscaping that requires minimal water.